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James Lenox.
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THE

WORKS

OF

ADAM SMITH, LL.D.

AND F.R.S. OF LONDON AND EDINBURGH:

ONE OF THE COMMISSIONERS OF HIS MAJESTY'S CUSTOMS IN SCOTLAND;

AND FORMERLY PROFESSOR OF MORAL PHILOSOPHY IN THE UNIVERSITY OF GLASGOW.

WITH AN ACCOUNT OF

HIS LIFE AND WRITINGS

BY DUGALD STEWART,

PROFESSOR OF MORAL PHILOSOPHY IN THE UNIVERSITY, AND FELLOW OF THE ROYAL SOCIETY, OF EDINBURGH, &c. &c. &c.

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BOOK II.

CHAP. III.

Of the Accumulation of Capital, or of productive and unproductive Labour.

BOOK II. CHAP. III.

THERE is one ſort of labour which adds to the value of the ſubject upon which it is beſtowed: there is another which has no ſuch effect. The former, as it produces a value, may be called productive; the latter, unproductive * labour. Thus the labour of a manufacturer adds, generally, to the value of the materials which he works upon, that of his own

* Some French authors of great learning and ingenuity have uſed thoſe words in a different ſenſe. In the laſt chapter of the fourth book, I ſhall endeavour to ſhow that their ſenſe is an improper one.

maintenance, and of his maſter's profit. The labour of a menial ſervant, on the contrary, adds to the value of nothing. Though the manufacturer has his wages advanced to him by his maſter, he, in reality, coſts him no expence, the value of thoſe wages being generally reſtored, together with a profit, in the improved value of the ſubject upon which his labour is beſtowed. But the maintenance of a menial ſervant never is reſtored. A man grows rich by employing a multitude of manufacturers: he grows poor, by maintaining a multitude of menial ſervants. The labour of the latter, however, has its value, and deſerves its reward as well as that of the former. But the labour of the manufacturer fixes and realizes itſelf in ſome particular ſubject or vendible commodity, which laſts for ſome time at leaſt after that labour is paſt. It is, as it were, a certain quantity of labour ſtocked and ſtored up to be employed, if neceſſary, upon ſome other occaſion. That ſubject, or what is the ſame thing, the price of that ſubject, can afterwards, if neceſſary, put into motion a quantity of labour equal to that which had originally produced it. The labour of the menial ſervant, on the contrary, does not fix or realize itſelf in any particular ſubject or vendible commodity. His ſervices generally periſh in the very inſtant of their performance, and ſeldom leave any trace or value behind them, for which an equal quantity of ſervice could afterwards be procured.

The labour of ſome of the moſt reſpectable orders in the ſociety is, like that of menial ſervants,

vants, unproductive of any value, and does not fix or realize itself in any permanent subject, or vendible commodity, which endures after that labour is past, and for which an equal quantity of labour could afterwards be procured. The sovereign, for example, with all the officers both of justice and war who serve under him, the whole army and navy, are unproductive labourers. They are the servants of the public, and are maintained by a part of the annual produce of the industry of other people. Their service, how honourable, how useful, or how necessary soever, produces nothing for which an equal quantity of service can afterwards be procured. The protection, security, and defence of the commonwealth, the effect of their labour this year, will not purchase its protection, security, and defence for the year to come. In the same class must be ranked, some both of the gravest and most important, and some of the most frivolous professions: churchmen, lawyers, physicians, men of letters of all kinds; players, buffoons, musicians, opera-singers, opera-dancers, &c. The labour of the meanest of these has a certain value, regulated by the very same principles which regulate that of every other sort of labour; and that of the noblest and most useful, produces nothing which could afterwards purchase or procure an equal quantity of labour. Like the declamation of the actor, the harangue of the orator, or the tune of the musician, the work of all of them perishes in the very instant of its production.

BOOK II.

Both productive and unproductive labourers, and those who do not labour at all, are all equally maintained by the annual produce of the land and labour of the country. This produce, how great soever, can never be infinite, but must have certain limits. According, therefore, as a smaller or greater proportion of it is in any one year employed in maintaining unproductive hands, the more in the one case and the less in the other will remain for the productive, and the next year's produce will be greater or smaller accordingly; the whole annual produce, if we except the spontaneous productions of the earth, being the effect of productive labour.

Though the whole annual produce of the land and labour of every country, is, no doubt, ultimately destined for supplying the consumption of its inhabitants, and for procuring a revenue to them; yet when it first comes either from the ground, or from the hands of the productive labourers, it naturally divides itself into two parts. One of them, and frequently the largest, is, in the first place, destined for replacing a capital, or for renewing the provisions, materials, and finished work, which had been withdrawn from a capital; the other for constituting a revenue either to the owner of this capital, as the profit of his stock; or to some other person, as the rent of his land. Thus, of the produce of land, one part replaces the capital of the farmer; the other pays his profit and the rent of the landlord; and thus constitutes a revenue both to the owner of this capital, as the profits of his stock; and

and to ſome other perſon, as the rent of his land. Of the produce of a great manufactory, in the ſame manner, one part, and that always the largeſt, replaces the capital of the undertaker of the work; the other pays his profit, and thus conſtitutes a revenue to the owner of this capital.

That part of the annual produce of the land and labour of any country which replaces a capital, never is immediately employed to maintain any but productive hands. It pays the wages of productive labour only. That which is immediately deſtined for conſtituting a revenue either as profit or as rent, may maintain indifferently either productive or unproductive hands.

Whatever part of his ſtock a man employs as a capital, he always expects it to be replaced to him with a profit. He employs it, therefore, in maintaining productive hands only; and after having ſerved in the function of a capital to him, it conſtitutes a revenue to them. Whenever he employs any part of it in maintaining unproductive hands of any kind, that part is, from that moment, withdrawn from his capital, and placed in his ſtock reſerved for immediate conſumption.

Unproductive labourers, and thoſe who do not labour at all, are all maintained by revenue; either, firſt, by that part of the annual produce which is originally deſtined for conſtituting a revenue to ſome particular perſons, either as the rent of land or as the profits of ſtock; or, ſecondly, by that part which, though originally deſtined for replacing a capital and for maintaining productive labourers only, yet when it comes

 into

into their hands, whatever part of it is over and above their neceſſary ſubſiſtence, may be employed in maintaining indifferently either productive or unproductive hands. Thus, not only the great landlord or the rich merchant, but even the common workman, if his wages are conſiderable, may maintain a menial ſervant; or he may ſometimes go to a play or a puppet-ſhow, and ſo contribute his ſhare towards maintaining one ſet of unproductive labourers; or he may pay ſome taxes, and thus help to maintain another ſet, more honourable and uſeful, indeed, but equally unproductive. No part of the annual produce, however, which had been originally deſtined to replace a capital, is ever directed towards maintaining unproductive hands, till after it has put into motion its full complement of productive labour, or all that it could put into motion in the way in which it was employed. The workman muſt have earned his wages by work done, before he can employ any part of them in this manner. That part too is generally but a ſmall one. It is his ſpare revenue only, of which productive labourers have ſeldom a great deal. They generally have ſome, however; and in the payment of taxes the greatneſs of their number may compenſate, in ſome meaſure, the ſmallneſs of their contribution. The rent of land and the profits of ſtock are every-where, therefore, the principal ſources from which unproductive hands derive their ſubſiſtence. Theſe are the two ſorts of revenue of which the owners have generally moſt to ſpare. They might both maintain indifferently

ferently either productive or unproductive hands. They ſeem, however, to have ſome predilection for the latter. The expence of a great lord feeds generally more idle than induſtrious people. The rich merchant, though with his capital he maintains induſtrious people only, yet by his expence, that is, by the employment of his revenue, he feeds commonly the very ſame ſort as the great lord.

The proportion, therefore, between the productive and unproductive hands, depends very much in every country upon the proportion between that part of the annual produce, which, as ſoon as it comes either from the ground or from the hands of the productive labourers, is deſtined for replacing a capital, and that which is deſtined for conſtituting a revenue, either as rent, or as profit. This proportion is very different in rich from what it is in poor countries.

Thus, at preſent, in the opulent countries of Europe, a very large, frequently the largeſt portion of the produce of the land, is deſtined for replacing the capital of the rich and independent farmer; the other for paying his profits, and the rent of the landlord. But anciently, during the prevalency of the feudal government, a very ſmall portion of the produce was ſufficient to replace the capital employed in cultivation. It conſiſted commonly in a few wretched cattle, maintained altogether by the ſpontaneous produce of uncultivated land, and which might, therefore, be conſidered as a part of that ſpontaneous produce. It generally too belonged to the landlord, and

BOOK II. was by him advanced to the occupiers of the land. All the reſt of the produce properly belonged to him too, either as rent for his land, or as profit upon this paltry capital. The occupiers of land were generally bondmen, whoſe perſons and effects were equally his property. Thoſe who were not bondmen were tenants at will, and though the rent which they paid was often nominally little more than a quit-rent, it really amounted to the whole produce of the land. Their lord could at all times command their labour in peace, and their ſervice in war. Though they lived at a diſtance from his houſe, they were equally dependant upon him as his retainers who lived in it. But the whole produce of the land undoubtedly belongs to him, who can diſpoſe of the labour and ſervice of all thoſe whom it maintains. In the preſent ſtate of Europe, the ſhare of the landlord ſeldom exceeds a third, ſometimes not a fourth part of the whole produce of the land. The rent of land, however, in all the improved parts of the country, has been tripled and quadrupled ſince thoſe ancient times; and this third or fourth part of the annual produce is, it ſeems, three or four times greater than the whole had been before. In the progreſs of improvement, rent, though it increaſes in proportion to the extent, diminiſhes in proportion to the produce of the land.

In the opulent countries of Europe, great capitals are at preſent employed in trade and manufactures. In the ancient ſtate, the little trade that was ſtirring, and the few homely and coarſe manu-

manufactures that were carried on, required but very ſmall capitals. Theſe, however, muſt have yielded very large profits. The rate of intereſt was no-where leſs that ten per cent., and their profits muſt have been ſufficient to afford this great intereſt. At preſent the rate of intereſt, in the improved parts of Europe, is no-where higher than ſix per cent. and in ſome of the moſt improved it is ſo low as four, three, and two per cent. Though that part of the revenue of the inhabitants which is derived from the profits of ſtock is always much greater in rich than in poor countries, it is becauſe the ſtock is much greater: in proportion to the ſtock the profits are generally much leſs.

That part of the annual produce, therefore, which, as ſoon as it comes either from the ground, or from the hands of the productive labourers, is deſtined for replacing a capital, is not only much greater in rich than in poor countries, but bears a much greater proportion to that which is immediately deſtined for conſtituting a revenue either as rent or as profit. The funds deſtined for the maintenance of productive labour, are not only much greater in the former than in the latter, but bear a much greater proportion to thoſe which, though they may be employed to maintain either productive or unproductive hands, have generally a predilection for the latter.

The proportion between thoſe different funds neceſſarily determines in every country the general character of the inhabitants as to induſtry or idleneſs. We are more induſtrious than our

forefathers; becauſe in the preſent times the funds deſtined for the maintenance of induſtry, are much greater in proportion to thoſe which are likely to be employed in the maintenance of idleneſs, than they were two or three centuries ago. Our anceſtors were idle for want of a ſufficient encouragement to induſtry. It is better, ſays the proverb, to play for nothing, than to work for nothing. In mercantile and manufacturing towns, where the inferior ranks of people are chiefly maintained by the employment of capital, they are in general induſtrious, ſober, and thriving; as in many Engliſh, and in moſt Dutch towns. In thoſe towns which are principally ſupported by the conſtant or occaſional reſidence of a court, and in which the inferior ranks of people are chiefly maintained by the ſpending of revenue, they are in general idle, diſſolute, and poor; as at Rome, Verſailles, Compeigne, and Fontainbleau. If you except Rouen and Bourdeaux, there is little trade or induſtry in any of the parliament towns of France; and the inferior ranks of people, being chiefly maintained by the expence of the members of the courts of juſtice, and of thoſe who come to plead before them, are in general idle and poor. The great trade of Rouen and Bourdeaux ſeems to be altogether the effect of their ſituation. Rouen is neceſſarily the entrepôt of almoſt all the goods which are brought either from foreign countries, or from the maritime provinces of France, for the conſumption of the great city of Paris. Bourdeaux is in the ſame manner the entrepôt of the wines which

which grow upon the banks of the Garonne, and of the rivers which run into it, one of the richeſt wine countries in the world, and which ſeems to produce the wine fitteſt for exportation, or beſt ſuited to the taſte of foreign nations. Such advantageous ſituations neceſſarily attract a great capital by the great employment which they afford it; and the employment of this capital is the cauſe of the induſtry of thoſe two cities. In the other parliament towns of France, very little more capital ſeems to be employed that what is neceſſary for ſupplying their own conſumption; that is, little more than the ſmalleſt capital which can be employed in them. The ſame thing may be ſaid of Paris, Madrid, and Vienna. Of thoſe three cities, Paris is by far the moſt induſtrious: but Paris itſelf is the principal market of all the manufactures eſtabliſhed at Paris, and its own conſumption is the principal object of all the trade which it carries on. London, Liſbon, and Copenhagen, are, perhaps, the only three cities in Europe, which are both the conſtant reſidence of a court, and can at the ſame time be conſidered as trading cities, or as cities which trade not only for their own conſumption, but for that of other cities and countries. The ſituation of all the three is extremely advantageous, and naturally fits them to be the entrepôts of a great part of the goods deſtined for the conſumption of diſtant places. In a city where a great revenue is ſpent, to employ with advantage a capital for any other purpoſe than for ſupplying the conſumption of that city, is probably

BOOK II. probably more difficult than in one in which the inferior ranks of people have no other maintenance but what they derive from the employment of ſuch a capital. The idleneſs of the greater part of the people who are maintained by the expence of revenue, corrupts, it is probable, the induſtry of thoſe who ought to be maintained by the employment of capital, and renders it leſs advantageous to employ a capital there than in other places. There was little trade or induſtry in Edinburgh before the Union. When the Scotch parliament was no longer to be aſſembled in it, when it ceaſed to be the neceſſary reſidence of the principal nobility and gentry of Scotland, it became a city of ſome trade and induſtry. It ſtill continues, however, to be the reſidence of the principal courts of juſtice in Scotland, of the boards of cuſtoms and exciſe, &c. A conſiderable revenue, therefore, ſtill continues to be ſpent in it. In trade and induſtry it is much inferior to Glaſgow, of which the inhabitants are chiefly maintained by the employment of capital. The inhabitants of a large village, it has ſometimes been obſerved, after having made conſiderable progreſs in manufactures, have become idle and poor, in conſequence of a great lord's having taken up his reſidence in their neighbourhood.

The proportion between capital and revenue, therefore, ſeems every-where to regulate the proportion between induſtry and idleneſs. Wherever capital predominates, induſtry prevails: wherever revenue, idleneſs. Every increaſe or diminution

diminution of capital, therefore, naturally tends to increaſe or diminiſh the real quantity of induſtry, the number of productive hands, and conſequently the exchangeable value of the annual produce of the land and labour of the country, the real wealth and revenue of all its inhabitants.

Capitals are increaſed by parſimony, and diminiſhed by prodigality and miſconduct.

Whatever a perſon ſaves from his revenue he adds to his capital, and either employs it himſelf in maintaining an additional number of productive hands, or enables ſome other perſon to do ſo, by lending it to him for an intereſt, that is, for a ſhare of the profits. As the capital of an individual can be increaſed only by what he ſaves from his annual revenue or his annual gains, ſo the capital of a ſociety, which is the ſame with that of all the individuals who compoſe it, can be increaſed only in the ſame manner.

Parſimony, and not induſtry, is the immediate cauſe of the increaſe of capital. Induſtry, indeed, provides the ſubject which parſimony accumulates. But whatever induſtry might acquire, if parſimony did not ſave and ſtore up, the capital would never be the greater.

Parſimony, by increaſing the fund which is deſtined for the maintenance of productive hands, tends to increaſe the number of thoſe hands whoſe labour adds to the value of the ſubject upon which it is beſtowed. It tends therefore to increaſe the exchangeable value of the annual produce

duce of the land and labour of the country. It puts into motion an additional quantity of induſtry, which gives an additional value to the annual produce.

What is annually ſaved is as regularly conſumed as what is annually ſpent, and nearly in the ſame time too; but it is conſumed by a different ſet of people. That portion of his revenue which a rich man annually ſpends, is in moſt caſes conſumed by idle gueſts, and menial ſervants, who leave nothing behind them in return for their conſumption. That portion which he annually ſaves, as for the ſake of the profit it is immediately employed as a capital, is conſumed in the ſame manner, and nearly in the ſame time too, but by a different ſet of people, by labourers, manufacturers, and artificers, who re-produce with a profit the value of their annual conſumption. His revenue, we ſhall ſuppoſe, is paid him in money. Had he ſpent the whole, the food, clothing, and lodging, which the whole could have purchaſed, would have been diſtributed among the former ſet of people. By ſaving a part of it, as that part is for the ſake of the profit immediately employed as a capital either by himſelf or by ſome other perſon, the food, clothing, and lodging, which may be purchaſed with it, are neceſſarily reſerved for the latter. The conſumption is the ſame, but the conſumers are different.

By what a frugal man annually ſaves, he not only affords maintenance to an additional number of productive hands, for that or the enſuing year,

year, but, like the founder of a public work-houſe, he eſtabliſhes as it were a perpetual fund for the maintenance of an equal number in all times to come. The perpetual allotment and deſtination of this fund, indeed, is not always guarded by any poſitive law, by any truſt-right or deed of mortmain. It is always guarded, however, by a very powerful principle, the plain and evident intereſt of every individual to whom any ſhare of it ſhall ever belong. No part of it can ever afterwards be employed to maintain any but productive hands, without an evident loſs to the perſon who thus perverts it from its proper deſtination.

The prodigal perverts it in this manner. By not confining his expence within his income, he encroaches upon his capital. Like him who perverts the revenues of ſome pious foundation to profane purpoſes, he pays the wages of idleneſs with thoſe funds which the frugality of his forefathers had, as it were, conſecrated to the maintenance of induſtry. By diminiſhing the funds deſtined for the employment of productive labour, he neceſſarily diminiſhes, ſo far as it depends upon him, the quantity of that labour which adds a value to the ſubject upon which it is beſtowed, and conſequently, the value of the annual produce of the land and labour of the whole country, the real wealth and revenue of its inhabitants. If the prodigality of ſome was not compenſated by the frugality of others, the conduct of every prodigal, by feeding the idle with the bread of the induſtrious, tends not only

BOOK II. to beggar himſelf, but to impoveriſh his country.

Though the expence of the prodigal ſhould be altogether in home-made, and no part of it in foreign commodities, its effect upon the productive funds of the ſociety would ſtill be the ſame. Every year, there would ſtill be a certain quantity of food and clothing, which ought to have maintained productive, employed in maintaining unproductive hands. Every year, therefore, there would ſtill be ſome diminution in what would otherwiſe have been the value of the annual produce of the land and labour of the country.

This expence, it may be ſaid indeed, not being in foreign goods, and not occaſioning any exportation of gold and ſilver, the ſame quantity of money would remain in the country as before. But if the quantity of food and clothing, which were thus conſumed by unproductive, had been diſtributed among productive hands, they would have re-produced, together with a profit, the full value of their conſumption. The ſame quantity of money would in this caſe equally have remained in the country, and there would beſides have been a reproduction of an equal value of conſumable goods. There would have been two values inſtead of one.

The ſame quantity of money, beſides, cannot long remain in any country in which the value of the annual produce diminiſhes. The ſole uſe of money is to circulate conſumable goods. By means of it, proviſions, materials, and finiſhed work,

work, are bought and ſold, and diſtributed to their proper conſumers. The quantity of money, therefore, which can be annually employed in any country, muſt be determined by the value of the conſumable goods annually circulated within it. Theſe muſt conſiſt either in the immediate produce of the land and labour of the country itſelf, or in ſomething which had been purchaſed with ſome part of that produce. Their value, therefore, muſt diminiſh as the value of that produce diminiſhes, and along with it the quantity of money which can be employed in circulating them. But the money which by this annual diminution of produce is annually thrown out of domeſtic circulation, will not be allowed to lie idle. The intereſt of whoever poſſeſſes it, requires that it ſhould be employed. But having no employment at home, it will, in ſpite of all laws and prohibitions, be ſent abroad, and employed in purchaſing conſumable goods which may be of ſome uſe at home. Its annual exportation will in this manner continue for ſome time to add ſomething to the annual conſumption of the country beyond the value of its own annual produce. What in the days of its proſperity had been ſaved from that annual produce, and employed in purchaſing gold and ſilver, will contribute for ſome little time to ſupport its conſumption in adverſity. The exportation of gold and ſilver is, in this caſe, not the cauſe, but the effect of its declenſion, and may even, for ſome little time, alleviate the miſery of that declenſion.

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The quantity of money, on the contrary, muſt in every country naturally increaſe as the value of the annual produce increaſes. The value of the conſumable goods annually circulated within the ſociety being greater, will require a greater quantity of money to circulate them. A part of the increaſed produce, therefore, will naturally be employed in purchaſing, wherever it is to be had, the additional quantity of gold and ſilver neceſſary for circulating the reſt. The increaſe of thoſe metals will in this caſe be the effect, not the cauſe, of the public proſperity. Gold and ſilver are purchaſed every where in the ſame manner. The food, clothing, and lodging, the revenue and maintenance of all thoſe whoſe labour or ſtock is employed in bringing them from the mine to the market, is the price paid for them in Peru as well as in England. The country which has this price to pay, will never be long without the quantity of thoſe metals which it has occaſion for; and no country will ever long retain a quantity which it has no occaſion for.

Whatever, therefore, we may imagine the real wealth and revenue of a country to conſiſt in, whether in the value of the annual produce of its land and labour, as plain reaſon ſeems to dictate; or in the quantity of the precious metals which circulate within it, as vulgar prejudices ſuppoſe; in either view of the matter, every prodigal appears to be a public enemy, and every frugal man a public benefactor.

The effects of miſconduct are often the ſame as thoſe of prodigality. Every injudicious and unſucceſsful project in agriculture, mines, fiſheries, trade, or manufactures, tends in the ſame manner to diminiſh the funds deſtined for the maintenance of productive labour. In every ſuch project, though the capital is conſumed by productive hands only, yet, as by the injudicious manner in which they are employed, they do not reproduce the full value of their conſumption, there muſt always be ſome diminution in what would otherwiſe have been the productive funds of the ſociety.

It can ſeldom happen, indeed, that the circumſtances of a great nation can be much affected either by the prodigality or miſconduct of individuals; the profuſion or imprudence of ſome, being always more than compenſated by the frugality and good conduct of others.

With regard to profuſion, the principle which prompts to expence, is the paſſion for preſent enjoyment; which, though ſometimes violent and very difficult to be reſtrained, is in general only momentary and occaſional. But the principle which prompts to ſave, is the deſire of bettering our condition, a deſire which, though generally calm and diſpaſſionate, comes with us from the womb, and never leaves us till we go into the grave. In the whole interval which ſeparates thoſe two moments, there is ſcarce perhaps a ſingle inſtance in which any man is ſo perfectly and completely ſatisfied with his ſituation, as to be without any wiſh of alteration or im-

provement of any kind. An augmentation of fortune is the means by which the greater part of men propose and wish to better their condition. It is the means the most vulgar and the most obvious; and the most likely way of augmenting their fortune, is to save and accumulate some part of what they acquire, either regularly and annually, or upon some extraordinary occasions. Though the principle of expence, therefore, prevails in almost all men upon some occasions, and in some men upon almost all occasions, yet in the greater part of men, taking the whole course of their life at an average, the principle of frugality seems not only to predominate, but to predominate very greatly.

With regard to misconduct, the number of prudent and successful undertakings is everywhere much greater than that of injudicious and unsuccessful ones. After all our complaints of the frequency of bankruptcies, the unhappy men who fall into this misfortune make but a very small part of the whole number engaged in trade, and all other sorts of business; not much more perhaps than one in a thousand. Bankruptcy is perhaps the greatest and most humiliating calamity which can befal an innocent man. The greater part of men, therefore, are sufficiently careful to avoid it. Some, indeed, do not avoid it; as some do not avoid the gallows.

Great nations are never impoverished by private, though they sometimes are by public prodigality and misconduct. The whole, or almost the whole, public revenue, is in most countries

countries employed in maintaining unproductive hands. Such are the people who compose a numerous and splendid court, a great ecclesiastical establishment, great fleets and armies, who in time of peace produce nothing, and in time of war acquire nothing which can compensate the expence of maintaining them, even while the war lasts. Such people, as they themselves produce nothing, are all maintained by the produce of other men's labour. When multiplied, therefore, to an unnecessary number, they may in a particular year consume so great a share of this produce, as not to leave a sufficiency for maintaining the productive labourers, who should reproduce it next year. The next year's produce, therefore, will be less than that of the foregoing, and if the same disorder should continue, that of the third year will be still less than that of the second. Those unproductive hands, who should be maintained by a part only of the spare revenue of the people, may consume so great a share of their whole revenue, and thereby oblige so great a number to encroach upon their capitals, upon the funds destined for the maintenance of productive labour, that all the frugality and good conduct of individuals may not be able to compensate the waste and degradation of produce occasioned by this violent and forced encroachment.

This frugality and good conduct, however, is upon most occasions, it appears from experience, sufficient to compensate, not only the private prodigality and misconduct of individuals,

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duals, but the public extravagance of government. The uniform, conſtant, and uninterrupted effort of every man to better his condition, the principle from which public and national, as well as private opulence is originally derived, is frequently powerful enough to maintain the natural progreſs of things toward improvement, in ſpite both of the extravagance of government, and of the greateſt errors of adminiſtration. Like the unknown principle of animal life, it frequently reſtores health and vigour to the conſtitution, in ſpite, not only of the diſeaſe, but of the abſurd preſcriptions of the doctor.

The annual produce of the land and labour of any nation can be increaſed in its value by no other means, but by increaſing either the number of its productive labourers, or the productive powers of thoſe labourers who had before been employed. The number of its productive labourers, it is evident, can never be much increaſed, but in conſequence of an increaſe of capital, or of the funds deſtined for maintaining them. The productive powers of the ſame number of labourers cannot be increaſed, but in conſequence either of ſome addition and improvement to thoſe machines and inſtruments which facilitate and abridge labour; or of a more proper diviſion and diſtribution of employment. In either caſe an additional capital is almoſt always required. It is by means of an additional capital only, that the undertaker of any work can either provide his workmen with better machinery, or

make

make a more proper diſtribution of employment among them. When the work to be done conſiſts of a number of parts, to keep every man conſtantly employed in one way, requires a much greater capital than where every man is occaſionally employed in every different part of the work. When we compare, therefore, the ſtate of a nation at two different periods, and find, that the annual produce of its land and labour is evidently greater at the latter than at the former, that its lands are better cultivated, its manufactures more numerous and more flouriſhing, and its trade more extenſive, we may be aſſured that its capital muſt have increaſed during the interval between thoſe two periods, and that more muſt have been added to it by the good conduct of ſome, than had been taken from it either by the private miſconduct of others, or by the public extravagance of government. But we ſhall find this to have been the caſe of almoſt all nations, in all tolerably quiet and peaceable times, even of thoſe who have not enjoyed the moſt prudent and parſimonious governments. To form a right judgment of it, indeed, we muſt compare the ſtate of the country at periods ſomewhat diſtant from one another. The progreſs is frequently ſo gradual, that, at near periods, the improvement is not only not ſenſible, but from the declenſion either of certain branches of induſtry, or of certain diſtricts of the country, things which ſometimes happen though the country in general be in great proſperity, there frequently ariſes a

ſuſpicion, that the riches and induſtry of the whole are decaying.

The annual produce of the land and labour of England, for example, is certainly much greater than it was, a little more than a century ago, at the reſtoration of Charles II. Though, at preſent, few people, I believe, doubt of this, yet during this period, five years have ſeldom paſſed away in which ſome book or pamphlet has not been publiſhed, written too with ſuch abilities as to gain ſome authority with the public, and pretending to demonſtrate that the wealth of the nation was faſt declining, that the country was depopulated, agriculture neglected, manufactures decaying, and trade undone. Nor have theſe publications been all party pamphlets, the wretched offſpring of falſehood and venality. Many of them have been written by very candid and very intelligent people; who wrote nothing but what they believed, and for no other reaſon but becauſe they believed it.

The annual produce of the land and labour of England again, was certainly much greater at the reſtoration, than we can ſuppoſe it to have been about an hundred years before, at the acceſſion of Elizabeth. At this period too, we have all reaſon to believe, the country was much more advanced in improvement, than it had been about a century before, towards the cloſe of the diſſenſions between the houſes of York and Lancaſter. Even then it was, probably, in a better condition than it had been at the Norman conqueſt, and at the Norman conqueſt, than during the confuſion

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of the Saxon Heptarchy. Even at this early period, it was certainly a more improved country than at the invaſion of Julius Cæſar, when its inhabitants were nearly in the ſame ſtate with the ſavages in North America.

In each of thoſe periods, however, there was, not only much private and public profuſion, many expenſive and unneceſſary wars, great perverſion of the annual produce from maintaining productive to maintain unproductive hands; but ſometimes, in the confuſion of civil diſcord, ſuch abſolute waſte and deſtruction of ſtock, as might be ſuppoſed, not only to retard, as it certainly did, the natural accumulation of riches, but to have left the country, at the end of the period, poorer than at the beginning. Thus, in the happieſt and moſt fortunate period of them all, that which has paſſed ſince the reſtoration, how many diſorders and misfortunes have occurred, which, could they have been foreſeen, not only the impoveriſhment, but the total ruin of the country would have been expected from them? The fire and the plague of London, the two Dutch wars, the diſorders of the revolution, the war in Ireland, the four expenſive French wars of 1688, 1702, 1742, and 1756, together with the two rebellions of 1715 and 1745. In the courſe of the four French wars, the nation has contracted more than a hundred and forty-five millions of debt, over and above all the other extraordinary annual expence which they occaſioned, ſo that the whole cannot be computed at leſs than two hundred millions. So great a ſhare of the annual produce

produce of the land and labour of the country, has, ſince the revolution, been employed upon different occaſions, in maintaining an extraordinary number of unproductive hands. But had not thoſe wars given this particular direction to ſo large a capital, the greater part of it would naturally have been employed in maintaining productive hands, whoſe labour would have replaced, with a profit, the whole value of their conſumption. The value of the annual produce of the land and labour of the country, would have been conſiderably increaſed by it every year, and every year's increaſe would have augmented ſtill more that of the following year. More houſes would have been built, more lands would have been improved, and thoſe which had been improved before would have been better cultivated, more manufactures would have been eſtabliſhed, and thoſe which had been eſtabliſhed before would have been more extended; and to what height the real wealth and revenue of the country might, by this time, have been raiſed, it is not perhaps very eaſy even to imagine.

But though the profuſion of government muſt, undoubtedly, have retarded the natural progreſs of England towards wealth and improvement, it has not been able to ſtop it. The annual produce of its land and labour is, undoubtedly, much greater at preſent than it was either at the reſtoration or at the revolution. The capital, therefore, annually employed in cultivating this land, and in maintaining this labour, muſt likewiſe be much greater. In the midſt of all the

exactions

exactions of government, this capital has been silently and gradually accumulated by the private frugality and good conduct of individuals, by their universal, continual, and uninterrupted effort to better their own condition. It is this effort, protected by law and allowed by liberty to exert itself in the manner that is most advantageous, which has maintained the progress of England towards opulence and improvement in almost all former times, and which, it is to be hoped, will do so in all future times. England, however, as it has never been blessed with a very parsimonious government, so parsimony has at no time been the characteristical virtue of its inhabitants. It is the highest impertinence and presumption, therefore, in kings and ministers, to pretend to watch over the œconomy of private people, and to restrain their expence, either by sumptuary laws, or by prohibiting the importation of foreign luxuries. They are themselves always, and without any exception, the greatest spendthrifts in the society. Let them look well after their own expence, and they may safely trust private people with theirs. If their own extravagance does not ruin the state, that of their subjects never will.

As frugality increases, and prodigality diminishes the public capital, so the conduct of those whose expence just equals their revenue, without either accumulating or encroaching, neither increases nor diminishes it. Some modes of expence, however, seem to contribute more to the growth of public opulence than others.

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The revenue of an individual may be ſpent, either in things which are conſumed immediately, and in which one day's expence can neither alleviate nor ſupport that of another; or it may be ſpent in things more durable, which can therefore be accumulated, and in which every day's expence may, as he chuſes, either alleviate or ſupport and heighten the effect of that of the following day. A man of fortune, for example, may either ſpend his revenue in a profuſe and ſumptuous table, and in maintaining a great number of menial ſervants, and a multitude of dogs and horſes; or contenting himſelf with a frugal table and few attendants, he may lay out the greater part of it in adorning his houſe or his country villa, in uſeful or ornamental buildings, in uſeful or ornamental furniture, in collecting books, ſtatues, pictures; or in things more frivolous, jewels, baubles, ingenious trinkets of different kinds; or, what is moſt trifling of all, in amaſſing a great wardrobe of fine clothes, like the favourite and miniſter of a great prince who died a few years ago. Were two men of equal fortune to ſpend their revenue, the one chiefly in the one way, the other in the other, the magnificence of the perſon whoſe expence had been chiefly in durable commodities, would be continually increaſing, every day's expence contributing ſomething to ſupport and heighten the effect of that of the following day: that of the other, on the contrary, would be no greater at the end of the period than at the beginning. The former too would, at the end of the period, be

be the richer man of the two. He would have a ſtock of goods of ſome kind or other, which, though it might not be worth all that it coſt, would always be worth ſomething. No trace or veſtige of the expence of the latter would remain, and the effects of ten or twenty years profuſion would be as completely annihilated as if they had never exiſted.

As the one mode of expence is more favourable than the other to the opulence of an individual, ſo is it likewiſe to that of a nation. The houſes, the furniture, the clothing of the rich, in a little time become uſeful to the inferior and middling ranks of people. They are able to purchaſe them when their ſuperiors grow weary of them, and the general accommodation of the whole people is thus gradually improved, when this mode of expence becomes univerſal among men of fortune. In countries which have long been rich, you will frequently find the inferior ranks of people in poſſeſſion both of houſes and furniture perfectly good and entire, but of which neither the one could have been built, nor the other have been made for their uſe. What was formerly a ſeat of the family of Seymour, is now an inn upon the Bath road. The marriage bed of James the Firſt of Great Britain, which his Queen brought with her from Denmark, as a preſent fit for a ſovereign to make to a ſovereign, was, a few years ago, the ornament of an alehouſe at Dunfermline. In ſome ancient cities, which either have been long ſtationary, or have gone ſomewhat to decay, you will ſometimes

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ſcarce find a ſingle houſe which could have been built for its preſent inhabitants. If you go into thoſe houſes too, you will frequently find many excellent, though antiquated pieces of furniture, which are ſtill very fit for uſe, and which could as little have been made for them. Noble palaces, magnificent villas, great collections of books, ſtatues, pictures, and other curioſities, are frequently both an ornament and an honour, not only to the neighbourhood, but to the whole country to which they belong. Verſailles is an ornament and an honour to France, Stowe and Wilton to England. Italy ſtill continues to command ſome ſort of veneration by the number of monuments of this kind which it poſſeſſes, though the wealth which produced them has decayed, and though the genius which planned them ſeems to be extinguiſhed, perhaps from not having the ſame employment.

The expence too, which is laid out in durable commodities, is favourable, not only to accumulation, but to frugality. If a perſon ſhould at any time exceed in it, he can eaſily reform without expoſing himſelf to the cenſure of the public. To reduce very much the number of his ſervants, to reform his table from great profuſion to great frugality, to lay down his equipage after he has once ſet it up, are changes which cannot eſcape the obſervation of his neighbours, and which are ſuppoſed to imply ſome acknowledgement of preceding bad conduct. Few, therefore, of thoſe who have once been ſo unfortunate as to launch out too far into this ſort of expence, have

have afterwards the courage to reform, till ruin and bankruptcy oblige them. But if a perſon has at any time, been at too great an expence in building, in furniture, in books or pictures, no imprudence can be inferred from his changing his conduct. Theſe are things in which further expence is frequently rendered unneceſſary by former expence; and when a perſon ſtops ſhort, he appears to do ſo, not becauſe he has exceeded his fortune, but becauſe he has ſatisfied his fancy.

The expence, beſides, that is laid out in durable commodities, gives maintenance, commonly, to a greater number of people, than that which is employed in the moſt profuſe hoſpitality. Of two or three hundred weight of proviſions, which may ſometimes be ſerved up at a great feſtival, one-half, perhaps, is thrown to the dunghill, and there is always a great deal waſted and abuſed. But if the expence of this entertainment had been employed in ſetting to work maſons, carpenters, upholſterers, mechanics, &c. a quantity of proviſions, of equal value, would have been diſtributed among a ſtill greater number of people, who would have bought them in penny-worths and pound weights, and not have loſt or thrown away a ſingle ounce of them. In the one way, beſides, this expence maintains productive, in the other unproductive hands. In the one way, therefore, it increaſes, in the other, it does not increaſe, the exchangeable value of the annual produce of the land and labour of the country.

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BOOK II. I would not, however, by all this be underſtood to mean, that the one ſpecies of expence always betokens a more liberal or generous ſpirit than the other. When a man of fortune ſpends his revenue chiefly in hoſpitality, he ſhares the greater part of it with his friends and companions; but when he employs it in purchaſing ſuch durable commodities, he often ſpends the whole upon his own perſon, and gives nothing to any body without an equivalent. The latter ſpecies of expence, therefore, eſpecially when directed towards frivolous objects, the little ornaments of dreſs and furniture, jewels, trinkets, gewgaws, frequently indicates, not only a trifling, but a baſe and ſelfiſh diſpoſition. All that I mean is, that the one ſort of expence, as it always occaſions ſome accumulation of valuable commodities, as it is more favourable to private frugality, and, conſequently, to the increaſe of the public capital, and as it maintains productive, rather than unproductive hands, conduces more than the other to the growth of public opulence.

CHAP.

CHAP. IV.

Of Stock lent at Intereſt.

CHAP. IV.

THE ſtock which is lent at intereſt is always conſidered as a capital by the lender. He expects that in due time it is to be reſtored to him, and that in the mean time the borrower is to pay him a certain annual rent for the uſe of it. The borrower may uſe it either as a capital, or as a ſtock reſerved for immediate conſumption. If he uſes it as a capital, he employs it in the maintenance of productive labourers, who reproduce the value with a profit. He can, in this caſe, both reſtore the capital and pay the intereſt without alienating or encroaching upon any other ſource of revenue. If he uſes it as a ſtock reſerved for immediate conſumption, he acts the part of a prodigal, and diſſipates in the maintenance of the idle, what was deſtined for the ſupport of the induſtrious. He can, in this caſe, neither reſtore the capital nor pay the intereſt, without either alienating or encroaching upon ſome other ſource of revenue, ſuch as the property or the rent of land.

The ſtock which is lent at intereſt is, no doubt, occaſionally employed in both theſe ways, but in the former much more frequently than in the latter. The man who borrows in order to ſpend will ſoon be ruined, and he who lends to him will generally have occaſion to repent of his

 folly.

folly. To borrow or to lend for ſuch a purpoſe, therefore, is in all caſes, where groſs uſury is out of the queſtion, contrary to the intereſt of both parties; and though it no doubt happens ſometimes that people do both the one and the other; yet, from the regard that all men have for their own intereſt, we may be aſſured, that it cannot happen ſo very frequently as we are ſometimes apt to imagine. Aſk any rich man of common prudence, to which of the two ſorts of people he has lent the greater part of his ſtock, to thoſe who, he thinks, will employ it profitably, or to thoſe who will ſpend it idly, and he will laugh at you for propoſing the queſtion. Even among borrowers, therefore, not the people in the world moſt famous for frugality, the number of the frugal and induſtrious ſurpaſſes conſiderably that of the prodigal and idle.

The only people to whom ſtock is commonly lent, without their being expected to make any very profitable uſe of it, are country gentlemen who borrow upon mortgage. Even they ſcarce ever borrow merely to ſpend. What they borrow, one may ſay, is commonly ſpent before they borrow it. They have generally conſumed ſo great a quantity of goods, advanced to them upon credit by ſhopkeepers and tradeſmen, that they find it neceſſary to borrow at intereſt in order to pay the debt. The capital borrowed replaces the capitals of thoſe ſhopkeepers and tradeſmen, which the country gentlemen could not have replaced from the rents of their eſtates. It is not properly borrowed in order to be ſpent, but in order

order to replace a capital which had been ſpent before.

Almoſt all loans at intereſt are made in money, either of paper, or of gold and ſilver. But what the borrower really wants, and what the lender really ſupplies him with, is not the money, but the money's worth, or the goods which it can purchaſe. If he wants it as a ſtock for immediate conſumption, it is thoſe goods only which he can place in that ſtock. If he wants it as a capital for employing induſtry, it is from thoſe goods only that the induſtrious can be furniſhed with the tools, materials, and maintenance, neceſſary for carrying on their work. By means of the loan, the lender, as it were, aſſigns to the borrower his right to a certain portion of the annual produce of the land and labour of the country, to be employed as the borrower pleaſes.

The quantity of ſtock, therefore, or, as it is commonly expreſſed, of money which can be lent at intereſt in any country, is not regulated by the value of the money, whether paper or coin, which ſerves as the inſtrument of the different loans made in that country, but by the value of that part of the annual produce which, as ſoon as it comes either from the ground, or from the hands of the productive labourers, is deſtined not only for replacing a capital, but ſuch a capital as the owner does not care to be at the trouble of employing himſelf. As ſuch capitals are commonly lent out and paid back in money, they conſtitute what is called the monied intereſt. It is diſtinct, not only from the landed, but from the trading and

manufacturing interests, as in these last the owners themselves employ their own capitals. Even in the monied interest, however, the money is, as it were, but the deed of assignment, which conveys from one hand to another those capitals which the owners do not care to employ themselves. Those capitals may be greater in almost any proportion, than the amount of the money which serves as the instrument of their conveyance; the same pieces of money successively serving for many different loans, as well as for many different purchases. A, for example, lends to W a thousand pounds, with which W immediately purchases of B a thousand pounds worth of goods. B having no occasion for the money himself, lends the identical pieces to X, with which X immediately purchases of C another thousand pounds worth of goods. C in the same manner, and for the same reason, lends them to Y, who again purchases goods with them of D. In this manner the same pieces, either of coin or of paper, may, in the course of a few days, serve as the instrument of three different loans, and of three different purchases, each of which is, in value, equal to the whole amount of those pieces. What the three monied men A, B, and C, assign to the three borrowers, W, X, Y, is the power of making those purchases. In this power consist both the value and the use of the loans. The stock lent by the three monied men, is equal to the value of the goods which can be purchased with it, and is three times greater than that of the money with which the purchases are made. Those loans, however, may be all perfectly

fectly well ſecured, the goods purchaſed by the different debtors being ſo employed, as, in due time, to bring back, with a profit, an equal value either of coin or of paper. And as the ſame pieces of money can thus ſerve as the inſtrument of different loans to three, or for the ſame reaſon, to thirty times their value, ſo they may likewiſe ſucceſſively ſerve as the inſtrument of repayment.

A capital lent at intereſt may, in this manner, be conſidered as an aſſignment from the lender to the borrower of a certain conſiderable portion of the annual produce; upon condition that the borrower in return ſhall, during the continuance of the loan, annually aſſign to the lender a ſmaller portion, called the intereſt; and at the end of it, a portion equally conſiderable with that which had originally been aſſigned to him, called the repayment. Though money, either coin or paper, ſerves generally as the deed of aſſignment both to the ſmaller, and to the more conſiderable portion, it is itſelf altogether different from what is aſſigned by it.

In proportion as that ſhare of the annual produce which, as ſoon as it comes either from the ground, or from the hands of the productive labourers, is deſtined for replacing a capital, increaſes in any country, what is called the monied intereſt naturally increaſes with it. The increaſe of thoſe particular capitals from which the owners wiſh to derive a revenue, without being at the trouble of employing them themſelves, naturally accompanies the general increaſe of capitals; or,

in other words, as ſtock increaſes, the quantity of ſtock to be lent at intereſt grows gradually greater and greater.

As the quantity of ſtock to be lent at intereſt increaſes, the intereſt, or the price which muſt be paid for the uſe of that ſtock, neceſſarily diminiſhes, not only from thoſe general cauſes which make the market price of things commonly diminiſh as their quantity increaſes, but from other cauſes which are peculiar to this particular caſe. As capitals increaſe in any country, the profits which can be made by employing them neceſſarily diminiſh. It becomes gradually more and more difficult to find within the country a profitable method of employing any new capital. There ariſes in conſequence a competition between different capitals, the owner of one endeavouring to get poſſeſſion of that employment which is occupied by another. But upon moſt occaſions he can hope to juſtle that other out of this employment, by no other means but by dealing upon more reaſonable terms. He muſt not only ſell what he deals in ſomewhat cheaper, but in order to get it to ſell, he muſt ſometimes too buy it dearer. The demand for productive labour, by the increaſe of the funds which are deſtined for maintaining it, grows every day greater and greater. Labourers eaſily find employment, but the owners of capitals find it difficult to get labourers to employ. Their competition raiſes the wages of labour, and ſinks the profits of ſtock. But when the profits which can be made by the uſe of a capital are in this manner diminiſhed,

niſhed, as it were, at both ends, the price which can be paid for the uſe of it, that is, the rate of intereſt, muſt neceſſarily be diminiſhed with them.

Mr. Locke, Mr. Law, and Mr. Monteſquieu, as well as many other writers, ſeem to have imagined that the increaſe of the quantity of gold and ſilver, in conſequence of the diſcovery of the Spaniſh Weſt Indies, was the real cauſe of the lowering of the rate of intereſt through the greater part of Europe. Thoſe metals, they ſay, having become of leſs value themſelves, the uſe of any particular portion of them neceſſarily became of leſs value too, and conſequently the price which could be paid for it. This notion, which at firſt ſight ſeems ſo plauſible, has been ſo fully expoſed by Mr. Hume, that it is, perhaps, unneceſſary to ſay any thing more about it. The following very ſhort and plain argument, however, may ſerve to explain more diſtinctly the fallacy which ſeems to have miſled thoſe gentlemen.

Before the diſcovery of the Spaniſh Weſt Indies, ten per cent. ſeems to have been the common rate of intereſt through the greater part of Europe. It has ſince that time in different countries ſunk to ſix, five, four, and three per cent. Let us ſuppoſe that in every particular country the value of ſilver has ſunk preciſely in the ſame proportion as the rate of intereſt; and that in thoſe countries, for example, where intereſt has been reduced from ten to five per cent., the ſame quantity of ſilver can now purchaſe juſt half the quantity of goods which it could have purchaſed

before. This ſuppoſition will not, I believe, be found any-where agreeable to the truth, but it is the moſt favourable to the opinion which we are going to examine; and even upon this ſuppoſition it is utterly impoſſible that the lowering of the value of ſilver could have the ſmalleſt tendency to lower the rate of intereſt. If a hundred pounds are in thoſe countries now of no more value than fifty pounds were then, ten pounds muſt now be of no more value than five pounds were then. Whatever were the cauſes which lowered the value of the capital, the ſame muſt neceſſarily have lowered that of the intereſt, and exactly in the ſame proportion. The proportion between the value of the capital and that of the intereſt, muſt have remained the ſame, though the rate had never been altered. By altering the rate, on the contrary, the proportion between thoſe two values is neceſſarily altered. If a hundred pounds now are worth no more than fifty were then, five pounds now can be worth no more than two pounds ten ſhillings were then. By reducing the rate of intereſt, therefore, from ten to five per cent., we give for the uſe of a capital, which is ſuppoſed to be equal to one-half of its former value, an intereſt which is equal to one-fourth only of the value of the former intereſt.

Any increaſe in the quantity of ſilver, while that of the commodities circulated by means of it remained the ſame, could have no other effect than to diminiſh the value of that metal. The nominal value of all ſorts of goods would be greater, but their real value would be preciſely the

the ſame as before. They would be exchanged for a greater number of pieces of ſilver; but the quantity of labour which they could command, the number of people whom they could maintain and employ, would be preciſely the ſame. The capital of the country would be the ſame, though a greater number of pieces might be requiſite for conveying any equal portion of it from one hand to another. The deeds of aſſignment, like the conveyances of a verboſe attorney, would be more cumberſome, but the thing aſſigned would be preciſely the ſame as before, and could produce only the ſame effects. The funds for maintaining productive labour being the ſame, the demand for it would be the ſame. Its price or wages, therefore, though nominally greater, would really be the ſame. They would be paid in a greater number of pieces of ſilver; but they would purchaſe only the ſame quantity of goods. The profits of ſtock would be the ſame both nominally and really. The wages of labour are commonly computed by the quantity of ſilver which is paid to the labourer. When that is increaſed, therefore, his wages appear to be increaſed, though they may ſometimes be no greater than before. But the profits of ſtock are not computed by the number of pieces of ſilver with which they are paid, but by the proportion which thoſe pieces bear to the whole capital employed. Thus in a particular country five ſhillings a week are ſaid to be the common wages of labour, and ten per cent. the common profits of ſtock. But the whole capital of the country being the ſame

as

as before, the competition between the different capitals of individuals into which it was divided would likewiſe be the ſame. They would all trade with the ſame advantages and diſadvantages. The common proportion between capital and profit, therefore, would be the ſame, and conſequently the common intereſt of money; what can commonly be given for the uſe of money being neceſſarily regulated by what can commonly be made by the uſe of it.

Any increaſe in the quantity of commodities annually circulated within the country, while that of the money which circulated them remained the ſame, would, on the contrary, produce many other important effects, beſides that of raiſing the value of the money. The capital of the country, though it might nominally be the ſame, would really be augmented. It might continue to be expreſſed by the ſame quantity of money, but it would command a greater quantity of labour. The quantity of productive labour which it could maintain and employ would be increaſed, and conſequently the demand for that labour. Its wages would naturally riſe with the demand, and yet might appear to ſink. They might be paid with a ſmaller quantity of money, but that ſmaller quantity might purchaſe a greater quantity of goods than a greater had done before. The profits of ſtock would be diminiſhed both really and in appearance. The whole capital of the country being augmented, the competition between the different capitals of which it was compoſed, would naturally be augmented along with

it. The owners of thoſe particular capitals would be obliged to content themſelves with a ſmaller proportion of the produce of that labour which their reſpective capitals employed. The intereſt of money, keeping pace always with the profits of ſtock, might, in this manner, be greatly diminiſhed, though the value of money, or the quantity of goods which any particular ſum could purchaſe, was greatly augmented.

In ſome countries the intereſt of money has been prohibited by law. But as ſomething can every-where be made by the uſe of money, ſomething ought every-where to be paid for the uſe of it. This regulation, inſtead of preventing, has been found from experience to increaſe the evil of uſury; the debtor being obliged to pay, not only for the uſe of the money, but for the riſk which his creditor runs by accepting a compenſation for that uſe. He is obliged, if one may ſay ſo, to inſure his creditor from the penalties of uſury.

In countries where intereſt is permitted, the law, in order to prevent the extortion of uſury, generally fixes the higheſt rate which can be taken without incurring a penalty. This rate ought always to be ſomewhat above the loweſt market price, or the price which is commonly paid for the uſe of money by thoſe who can give the moſt undoubted ſecurity. If this legal rate ſhould be fixed below the loweſt market rate, the effects of this fixation muſt be nearly the ſame as thoſe of a total prohibition of intereſt. The creditor will not lend his money for leſs than the uſe

of

of it is worth, and the debtor muſt pay him for the riſk which he runs by accepting the full value of that uſe. If it is fixed preciſely at the loweſt market price, it ruins with honeſt people, who reſpect the laws of their country, the credit of all thoſe who cannot give the very beſt ſecurity, and obliges them to have recourſe to exorbitant uſurers. In a country, ſuch as Great Britain, where money is lent to government at three per cent. and to private people upon good ſecurity at four, and four and a half, the preſent legal rate, five per cent., is perhaps, as proper as any.

The legal rate, it is to be obſerved, though it ought to be ſomewhat above, ought not to be much above the loweſt market rate. If the legal rate of intereſt in Great Britain, for example, was fixed ſo high as eight or ten per cent., the greater part of the money which was to be lent, would be lent to prodigals and projectors, who alone would be willing to give this high intereſt. Sober people, who will give for the uſe of money no more than a part of what they are likely to make by the uſe of it, would not venture into the competition. A great part of the capital of the country would thus be kept out of the hands which were moſt likely to make a profitable and advantageous uſe of it, and thrown into thoſe which were moſt likely to waſte and deſtroy it. Where the legal rate of intereſt, on the contrary, is fixed but a very little above the loweſt market rate, ſober people are univerſally preferred, as borrowers, to prodigals and projectors. The perſon who lends money gets nearly as much intereſt

intereſt from the former as he dares to take from the latter, and his money is much ſafer in the hands of the one ſet of people, than in thoſe of the other. A great part of the capital of the country is thus thrown into the hands in which it is moſt likely to be employed with advantage.

No law can reduce the common rate of intereſt below the loweſt ordinary market rate at the time when that law is made. Notwithſtanding the edict of 1766, by which the French king attempted to reduce the rate of intereſt from five to four per cent., money continued to be lent in France at five per cent., the law being evaded in ſeveral different ways.

The ordinary market price of land, it is to be obſerved, depends every-where upon the ordinary market rate of intereſt. The perſon who has a capital from which he wiſhes to derive a revenue, without taking the trouble to employ it himſelf, deliberates whether he ſhould buy land with it, or lend it out at intereſt. The ſuperior ſecurity of land, together with ſome other advantages which almoſt every-where attend upon this ſpecies of property, will generally diſpoſe him to content himſelf with a ſmaller revenue from land, than what he might have by lending out his money at intereſt. Theſe advantages are ſufficient to compenſate a certain difference of revenue; but they will compenſate a certain difference only; and if the rent of land ſhould fall ſhort of the intereſt of money by a greater difference, nobody would buy land, which would ſoon reduce its ordinary price. On the contrary, if

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if the advantages ſhould much more than compenſate the difference, every body would buy land, which again would ſoon raiſe its ordinary price. When intereſt was at ten per cent., land was commonly ſold for ten and twelve years purchaſe. As intereſt ſunk to ſix, five, and four per cent., the price of land roſe to twenty, five and twenty, and thirty years purchaſe. The market rate of intereſt is higher in France than in England; and the common price of land is lower. In England it commonly ſells at thirty; in France at twenty years purchaſe.

CHAP. V.

Of the different Employment of Capitals.

CHAP. V.

THOUGH all capitals are deſtined for the maintenance of productive labour only, yet the quantity of that labour, which equal capitals are capable of putting into motion, varies extremely according to the diverſity of their employment; as does likewiſe the value which that employment adds to the annual produce of the land and labour of the country.

A capital may be employed in four different ways: either, firſt, in procuring the rude produce annually required for the uſe and conſumption of the ſociety; or, ſecondly, in manufacturing and preparing that rude produce for immediate uſe

uſe and conſumption; or, thirdly, in tranſporting either the rude or manufactured produce from the places where they abound to thoſe where they are wanted; or, laſtly, in dividing particular portions of either into ſuch ſmall parcels as ſuit the occaſional demands of thoſe who want them. In the firſt way are employed the capitals of all thoſe who undertake the improvement or cultivation of lands, mines, or fiſheries; in the ſecond, thoſe of all maſter manufactures; in the third, thoſe of all wholeſale merchants; and in the fourth, thoſe of all retailers. It is difficult to conceive that a capital ſhould be employed in any way which may not be claſſed under ſome one or other of thoſe four.

Each of thoſe four methods of employing a capital is eſſentially neceſſary either to the exiſtence or extenſion of the other three, or to the general conveniency of the ſociety.

Unleſs a capital was employed in furniſhing rude produce to a certain degree of abundance, neither manufactures nor trade of any kind could exiſt.

Unleſs a capital was employed in manufacturing that part of the rude produce which requires a good deal of preparation before it can be fit for uſe and conſumption, it either would never be produced, becauſe there could be no demand for it; or if it was produced ſpontaneouſly, it would be of no value in exchange, and could add nothing to the wealth of the ſociety.

Unleſs

Unleſs a capital was employed in tranſporting, either the rude or manufactured produce, from the places where it abounds to thoſe where it is wanted, no more of either could be produced than was neceſſary for the conſumption of the neighbourhood. The capital of the merchant exchanges the ſurplus produce of one place for that of another, and thus encourages the induſtry and increaſes the enjoyments of both.

Unleſs a capital was employed in breaking and dividing certain portions either of the rude or manufactured produce, into ſuch ſmall parcels as ſuit the occaſional demands of thoſe who want them, every man would be obliged to purchaſe a greater quantity of the goods he wanted, than his immediate occaſions required. If there was no ſuch trade as a butcher, for example, every man would be obliged to purchaſe a whole ox or a whole ſheep at a time. This would generally be inconvenient to the rich, and much more ſo to the poor. If a poor workman was obliged to purchaſe a month's or ſix months proviſions at a time, a great part of the ſtock which he employs as a capital in the inſtruments of his trade, or in the furniture of his ſhop, and which yields him a revenue, he would be forced to place in that part of his ſtock which is reſerved for immediate conſumption, and which yields him no revenue. Nothing can be more convenient for ſuch a perſon than to be able to purchaſe his ſubſiſtence from day to day, or even from hour to hour, as he wants it. He is thereby enabled to employ almoſt his whole ſtock as a capital. He is thus enabled

to furnish work to a greater value, and the profit which he makes by it in this way, much more than compensates the additional price which the profit of the retailer imposes upon the goods. The prejudices of some political writers against shopkeepers and tradesmen, are altogether without foundation. So far is it from being necessary, either to tax them, or to restrict their numbers, that they can never be multiplied so as to hurt the public, though they may so as to hurt one another. The quantity of grocery goods, for example, which can be sold in a particular town, is limited by the demand of that town and its neighbourhood. The capital, therefore, which can be employed in the grocery trade, cannot exceed what is sufficient to purchase that quantity. If this capital is divided between two different grocers, their competition will tend to make both of them sell cheaper, than if it were in the hands of one only; and if it were divided among twenty, their competition would be just so much the greater, and the chance of their combining together, in order to raise the price, just so much the less. Their competition might perhaps ruin some of themselves; but to take care of this is the business of the parties concerned, and it may safely be trusted to their discretion. It can never hurt either the consumer, or the producer; on the contrary, it must tend to make the retailers both sell cheaper and buy dearer, than if the whole trade was monopolized by one or two persons. Some of them, perhaps, may sometimes decoy a weak customer to buy what

he has no occaſion for. This evil, however, is of too little importance to deſerve the public attention, nor would it neceſſarily be prevented by reſtricting their numbers. It is not the multitude of ale-houſes, to give the moſt ſuſpicious example, that occaſions a general diſpoſition to drunkenneſs among the common people; but that diſpoſition ariſing from other cauſes neceſſarily gives employment to a multitude of ale-houſes.

The perſons whoſe capitals are employed in any of thoſe four ways are themſelves productive labourers. Their labour, when properly directed, fixes and realizes itſelf in the ſubject or vendible commodity upon which it is beſtowed, and generally adds to its price the value at leaſt of their own maintenance and conſumption. The profits of the farmer, of the manufacturer, of the merchant, and retailer, are all drawn from the price of the goods which the two firſt produce, and the two laſt buy and ſell. Equal capitals, however, employed in each of thoſe four different ways, will immediately put into motion very different quantities of productive labour, and augment too in very different proportions the value of the annual produce of the land and labour of the ſociety to which they belong.

The capital of the retailer replaces, together with its profits, that of the merchant of whom he purchaſes goods, and thereby enables him to continue his buſineſs. The retailer himſelf is the only productive labourer whom it immediately employs. In his profits, conſiſts the whole

whole value which its employment adds to the annual produce of the land and labour of the ſociety. CHAP. V.

The capital of the wholeſale merchant replaces, together with their profits, the capitals of the farmers and manufacturers of whom he purchaſes the rude and manufactured produce which he deals in, and thereby enables them to continue their reſpective trades. It is by this ſervice chiefly that he contributes indirectly to ſupport the productive labour of the ſociety, and to increaſe the value of its annual produce. His capital employs too the ſailors and carriers who tranſport his goods from one place to another, and it augments the price of thoſe goods by the value, not only of his profits, but of their wages. This is all the productive labour which it immediately puts into motion, and all the value which it immediately adds to the annual produce. Its operation in both theſe reſpects is a good deal ſuperior to that of the capital of the retailer.

Part of the capital of the maſter manufacturer is employed as a fixed capital in the inſtruments of his trade, and replaces, together with its profits, that of ſome other artificer of whom he purchaſes them. Part of his circulating capital is employed in purchaſing materials, and replaces, with their profits, the capitals of the farmers and miners of whom he purchaſes them. But a great part of it is always, either annually, or in a much ſhorter period, diſtributed among the different workmen whom he employs. It augments the value of thoſe materials by their wages, and by

their maſters profits upon the whole ſtock of wages, materials, and inſtruments of trade employed in the buſineſs. It puts immediately into motion, therefore, a much greater quantity of productive labour, and adds a much greater value to the annual produce of the land and labour of the ſociety, than an equal capital in the hands of any wholeſale merchant.

No equal capital puts into motion a greater quantity of productive labour than that of the farmer. Not only his labouring ſervants, but his labouring cattle, are productive labourers. In agriculture too, nature labours along with man; and though her labour coſts no expence, its produce has its value, as well as that of the moſt expenſive workmen. The moſt important operations of agriculture ſeem intended, not ſo much to increaſe, though they do that too, as to direct the fertility of nature towards the production of the plants moſt profitable to man. A field overgrown with briars and brambles may frequently produce as great a quantity of vegetables as the beſt cultivated vineyard or corn field. Planting and tillage frequently regulate more than they animate the active fertility of nature; and after all their labour, a great part of the work always remains to be done by her. The labourers and labouring cattle, therefore, employed in agriculture, not only occaſion, like the workmen in manufactures, the reproduction of a value equal to their own conſumption, or to the capital which employs them, together with its owners profits; but of a much greater value. Over and above the

the capital of the farmer and all its profits, they regularly occaſion the reproduction of the rent of the landlord. This rent may be conſidered as the produce of thoſe powers of nature, the uſe of which the landlord lends to the farmer. It is greater or ſmaller according to the ſuppoſed extent of thoſe powers, or in other words, according to the ſuppoſed natural or improved fertility of the land. It is the work of nature which remains after deducting or compenſating every thing which can be regarded as the work of man. It is ſeldom leſs than a fourth, and frequently more than a third of the whole produce. No equal quantity of productive labour employed in manufactures can ever occaſion ſo great a reproduction. In them nature does nothing; man does all; and the reproduction muſt always be in proportion to the ſtrength of the agents that occaſion it. The capital employed in agriculture, therefore, not only puts into motion a greater quantity of productive labour than any equal capital employed in manufactures, but in proportion too to the quantity of productive labour which it employs, it adds a much greater value to the annual produce of the land and labour of the country, to the real wealth and revenue of its inhabitants. Of all the ways in which a capital can be employed, it is by far the moſt advantageous to the ſociety.

The capitals employed in the agriculture and in the retail trade of any ſociety, muſt always reſide within that ſociety. Their employment is confined almoſt to a preciſe ſpot, to the farm,

and to the ſhop of the retailer. They muſt generally too, though there are ſome exceptions to this, belong to reſident members of the ſociety.

The capital of a wholeſale merchant, on the contrary, ſeems to have no fixed or neceſſary reſidence any-where, but may wander about from place to place, according as it can either buy cheap or ſell dear.

The capital of the manufacturer muſt no doubt reſide where the manufacture is carried on; but where this ſhall be is not always neceſſarily determined. It may frequently be at a great diſtance both from the place where the materials grow, and from that where the complete manufacture is conſumed. Lyons is very diſtant both from the places which afford the materials of its manufactures, and from thoſe which conſume them. The people of faſhion in Sicily are clothed in ſilks made in other countries, from the materials which their own produces. Part of the wool of Spain is manufactured in Great Britain, and ſome part of that cloth is afterwards ſent back to Spain.

Whether the merchant whoſe capital exports the ſurplus produce of any ſociety be a native or a foreigner, is of very little importance. If he is a foreigner, the number of their productive labourers is neceſſarily leſs than if he had been a native by one man only; and the value of their annual produce, by the profits of that one man. The ſailors or carriers whom he employs may ſtill belong indifferently either to his country, or to their country, or to ſome third country, in the ſame

ſame manner as if he had been a native. The capital of a foreigner gives a value to their ſurplus produce equally with that of a native, by exchanging it for ſomething for which there is a demand at home. It as effectually replaces the capital of the perſon who produces that ſurplus, and as effectually enables him to continue his buſineſs; the ſervice by which the capital of a wholeſale merchant chiefly contributes to ſupport the productive labour, and to augment the value of the annual produce of the ſociety to which he belongs.

It is of more conſequence that the capital of the manufacturer ſhould reſide within the country. It neceſſarily puts into motion a greater quantity of productive labour, and adds a greater value to the annual produce of the land and labour of the ſociety. It may, however, be very uſeful to the country, though it ſhould not reſide within it. The capitals of the Britiſh manufacturers who work up the flax and hemp annually imported from the coaſts of the Baltic, are ſurely very uſeful to the countries which produce them. Thoſe materials are a part of the ſurplus produce of thoſe countries which, unleſs it was annually exchanged for ſomething which is in demand there, would be of no value, and would ſoon ceaſe to be produced. The merchants who export it replace the capitals of the people who produce it, and thereby encourage them to continue the production; and the Britiſh manufacturers replace the capitals of thoſe merchants.

A particular country, in the ſame manner as a particular perſon, may frequently not have capital ſufficient both to improve and cultivate all its lands, to manufacture and prepare their whole rude produce for immediate uſe and conſumption, and to tranſport the ſurplus part either of the rude or manufactured produce to thoſe diſtant markets where it can be exchanged for ſomething for which there is a demand at home. The inhabitants of many different parts of Great Britain have not capital ſufficient to improve and cultivate all their lands. The wool of the ſouthern counties of Scotland is, a great part of it, after a long land carriage through very bad roads, manufactured in Yorkſhire, for want of a capital to manufacture it at home. There are many little manufacturing towns in Great Britain, of which the inhabitants have not capital ſufficient to tranſport the produce of their own induſtry to thoſe diſtant markets where there is demand and conſumption for it. If there are any merchants among them, they are properly only the agents of wealthier merchants who reſide in ſome of the greater commercial cities.

When the capital of any country is not ſufficient for all thoſe three purpoſes, in proportion as a greater ſhare of it is employed in agriculture, the greater will be the quantity of productive labour which it puts into motion within the country; as will likewiſe be the value which its employment adds to the annual produce of the land and labour of the ſociety. After agriculture, the capital employed in manufactures puts

puts into motion the greateſt quantity of productive labour, and adds the greateſt value to the annual produce. That which is employed in the trade of exportation, has the leaſt effect of any of the three.

The country, indeed, which has not capital ſufficient for all thoſe three purpoſes, has not arrived at that degree of opulence for which it ſeems naturally deſtined. To attempt, however, prematurely and with an inſufficient capital, to do all the three, is certainly not the ſhorteſt way for a ſociety, no more than it would be for an individual, to acquire a ſufficient one. The capital of all the individuals of a nation, has its limits in the ſame manner as that of a ſingle individual, and is capable of executing only certain purpoſes. The capital of all the individuals of a nation is increaſed in the ſame manner as that of a ſingle individual, by their continually accumulating and adding to it whatever they ſave out of their revenue. It is likely to increaſe the faſteſt, therefore, when it is employed in the way that affords the greateſt revenue to all the inhabitants of the country, as they will thus be enabled to make the greateſt ſavings. But the revenue of all the inhabitants of the country is neceſſarily in proportion to the value of the annual produce of their land and labour.

It has been the principal cauſe of the rapid progreſs of our American colonies towards wealth and greatneſs, that almoſt their whole capitals have hitherto been employed in agriculture. They have no manufactures, thoſe houſhold and coarſer

coarſer manufactures excepted which neceſſarily accompany the progreſs of agriculture, and which are the work of the women and children in every private family. The greater part both of the exportation and coaſting trade of America, is carried on by the capitals of merchants who reſide in Great Britain. Even the ſtores and warehouſes from which goods are retailed in ſome provinces, particularly in Virginia and Maryland, belong many of them to merchants who reſide in the mother country, and afford one of the few inſtances of the retail trade of a ſociety being carried on by the capitals of thoſe who are not reſident members of it. Were the Americans, either by combination or by any other ſort of violence, to ſtop the importation of European manufactures, and, by thus giving a monopoly to ſuch of their own countrymen as could manufacture the like goods, divert any conſiderable part of their capital into this employment, they would retard inſtead of accelerating the further increaſe in the value of their annual produce, and would obſtruct inſtead of promoting the progreſs of their country towards real wealth and greatneſs. This would be ſtill more the caſe, were they to attempt, in the ſame manner, to monopolize to themſelves their whole exportation trade.

The courſe of human proſperity, indeed, ſeems ſcarce ever to have been of ſo long continuance as to enable any great country to acquire capital ſufficient for all thoſe three purpoſes; unleſs, perhaps, we give credit to the wonderful accounts

counts of the wealth and cultivation of China, of thoſe of ancient Egypt, and of the ancient ſtate of Indoſtan. Even thoſe three countries, the wealthieſt, according to all accounts, that ever were in the world, are chiefly renowned for their ſuperiority in agriculture and manufactures. They do not appear to have been eminent for foreign trade. The ancient Egyptians had a ſuperſtitious antipathy to the ſea; a ſuperſtition nearly of the ſame kind prevails among the Indians; and the Chineſe have never excelled in foreign commerce. The greater part of the ſurplus produce of all thoſe three countries ſeems to have been always exported by foreigners, who gave in exchange for it ſomething elſe for which they found a demand there, frequently gold and ſilver.

It is thus that the ſame capital will in any country put into motion a greater or ſmaller quantity of productive labour, and add a greater or ſmaller value to the annual produce of its land and labour, according to the different proportions in which it is employed in agriculture, manufactures, and wholeſale trade. The difference too is very great, according to the different ſorts of wholeſale trade in which any part of it is employed.

All wholeſale trade, all buying in order to ſell again by wholeſale, may be reduced to three different ſorts. The home trade, the foreign trade of conſumption, and the carrying trade. The home trade is employed in purchaſing in one part of the ſame country, and ſelling in another,

BOOK II. the produce of the induſtry of that country. It comprehends both the inland and the coaſting trade. The foreign trade of conſumption is employed in purchaſing foreign goods for home conſumption. The carrying trade is employed in tranſacting the commerce of foreign countries, or in carrying the ſurplus produce of one to another.

The capital which is employed in purchaſing in one part of the country in order to ſell in another the produce of the induſtry of that country, generally replaces by every ſuch operation two diſtinct capitals that had both been employed in the agriculture or manufactures of that country, and thereby enables them to continue that employment. When it ſends out from the reſidence of the merchant a certain value of commodities, it generally brings back in return at leaſt an equal value of other commodities. When both are the produce of domeſtic induſtry, it neceſſarily replaces by every ſuch operation two diſtinct capitals, which had both been employed in ſupporting productive labour, and thereby enables them to continue that ſupport. The capital which ſends Scotch manufactures to London, and brings back Engliſh corn and manufactures to Edinburgh, neceſſarily replaces, by every ſuch operation, two Britiſh capitals which had both been employed in the agriculture or manufactures of Great Britain.

The capital employed in purchaſing foreign goods for home-conſumption, when this purchaſe is made with the produce of domeſtic induſtry, replaces

replaces too, by every ſuch operation, two diſtinct capitals: but one of them only is employed in ſupporting domeſtic induſtry. The capital which ſends Britiſh goods to Portugal, and brings back Portugueſe goods to Great Britain, replaces by every ſuch operation only one Britiſh capital. The other is a Portugueſe one. Though the returns, therefore, of the foreign trade of conſumption ſhould be as quick as thoſe of the home-trade, the capital employed in it will give but one-half the encouragement to the induſtry or productive labour of the country.

But the returns of the foreign trade of conſumption are very ſeldom ſo quick as thoſe of the home-trade. The returns of the home-trade generally come in before the end of the year, and ſometimes three or four times in the year. The returns of the foreign trade of conſumption ſeldom come in before the end of the year, and ſometimes not till after two or three years. A capital, therefore, employed in the home-trade will ſometimes make twelve operations, or be ſent out and returned twelve times, before a capital employed in the foreign trade of conſumption has made one. If the capitals are equal, therefore, the one will give four and twenty times more encouragement and ſupport to the induſtry of the country than the other.

The foreign goods for home-conſumption may ſometimes be purchaſed, not with the produce of domeſtic induſtry, but with ſome other foreign goods. Theſe laſt, however, muſt have been purchaſed either immediately with the produce

of

of domeſtic induſtry, or with ſomething elſe that had been purchaſed with it; for, the caſe of war and conqueſt excepted, foreign goods can never be acquired, but in exchange for ſomething that had been produced at home either immediately, or after two or more different exchanges. The effects, therefore, of a capital employed in ſuch a round-about foreign trade of conſumption, are, in every reſpect, the ſame as thoſe of one employed in the moſt direct trade of the ſame kind, except that the final returns are likely to be ſtill more diſtant, as they muſt depend upon the returns of two or three diſtinct foreign trades. If the flax and hemp of Riga are purchaſed with the tobacco of Virginia, which had been purchaſed with Britiſh manufactures, the merchant muſt wait for the returns of two diſtinct foreign trades before he can employ the ſame capital in repurchaſing a like quantity of Britiſh manufactures. If the tobacco of Virginia had been purchaſed, not with Britiſh manufactures, but with the ſugar and rum of Jamaica which had been purchaſed with thoſe manufactures, he muſt wait for the returns of three. If thoſe two or three diſtinct foreign trades ſhould happen to be carried on by two or three diſtinct merchants, of whom the ſecond buys the goods imported by the firſt, and the third buys thoſe imported by the ſecond, in order to export them again, each merchant indeed will in this caſe receive the returns of his own capital more quickly; but the final returns of the whole capital employed in the trade will be juſt as ſlow as ever.

ever. Whether the whole capital employed in ſuch a round-about trade belong to one merchant or to three, can make no difference with regard to the country, though it may with regard to the particular merchants. Three times a greater capital muſt in both caſes be employed, in order to exchange a certain value of Britiſh manufactures for a certain quantity of flax and hemp, than would have been neceſſary, had the manufactures and the flax and hemp been directly exchanged for one another. The whole capital employed, therefore, in ſuch a round-about foreign trade of conſumption, will generally give leſs encouragement and ſupport to the productive labour of the country, than an equal capital employed in a more direct trade of the ſame kind.

Whatever be the foreign commodity with which the foreign goods for home-conſumption are purchaſed, it can occaſion no eſſential difference either in the nature of the trade, or in the encouragement and ſupport which it can give to the productive labour of the country from which it is carried on. If they are purchaſed with the gold of Brazil, for example, or with the ſilver of Peru, this gold and ſilver, like the tobacco of Virginia, muſt have been purchaſed with ſomething that either was the produce of the induſtry of the country, or that had been purchaſed with ſomething elſe that was ſo. So far, therefore, as the productive labour of the country is concerned, the foreign trade of conſumption which is carried on by means of gold and ſilver, has all the

the advantages and all the inconveniencies of any other equally round-about foreign trade of consumption, and will replace just as fast or just as slow the capital which is immediately employed in supporting that productive labour. It seems even to have one advantage over any other equally round-about foreign trade. The transportation of those metals from one place to another, on account of their small bulk and great value, is less expensive than that of almost any other foreign goods of equal value. Their freight is much less, and their insurance not greater; and no goods, besides, are less liable to suffer by the carriage. An equal quantity of foreign goods, therefore, may frequently be purchased with a smaller quantity of the produce of domestic industry, by the intervention of gold and silver, than by that of any other foreign goods. The demand of the country may frequently, in this manner, be supplied more completely and at a smaller expence than in any other. Whether, by the continual exportation of those metals, a trade of this kind is likely to impoverish the country from which it is carried on, in any other way, I shall have occasion to examine at great length hereafter.

That part of the capital of any country which is employed in the carrying trade, is altogether withdrawn from supporting the productive labour of that particular country, to support that of some foreign countries. Though it may replace by every operation two distinct capitals, yet neither of them belongs to that particular

country. The capital of the Dutch merchant, which carries the corn of Poland to Portugal, and brings back the fruits and wines of Portugal to Poland, replaces by every ſuch operation two capitals, neither of which had been employed in ſupporting the productive labour of Holland; but one of them in ſupporting that of Poland, and the other that of Portugal. The profits only return regularly to Holland, and conſtitute the whole addition which this trade neceſſarily makes to the annual produce of the land and labour of that country. When, indeed, the carrying trade of any particular country is carried on with the ſhips and ſailors of that country, that part of the capital employed in it which pays the freight, is diſtributed among, and puts into motion, a certain number of productive labourers of that country. Almoſt all nations that have had any conſiderable ſhare of the carrying trade have, in fact, carried it on in this manner. The trade itſelf has probably derived its name from it, the people of ſuch countries being the carriers to other countries. It does not, however, ſeem eſſential to the nature of the trade that it ſhould be ſo. A Dutch merchant may, for example, employ his capital in tranſacting the commerce of Poland and Portugal, by carrying part of the ſurplus produce of the one to the other, not in Dutch, but in Britiſh bottoms. It may be preſumed, that he actually does ſo upon ſome particular occaſions. It is upon this account, however, that the carrying trade has been ſuppoſed peculiarly advantageous to ſuch a country as Great

Britain, of which the defence and ſecurity depend upon the number of its ſailors and ſhipping: But the ſame capital may employ as many ſailors and ſhipping, either in the foreign trade of conſumption, or even in the home-trade, when carried on by coaſting veſſels, as it could in the carrying trade. The number of ſailors and ſhipping which any particular capital can employ, does not depend upon the nature of the trade, but partly upon the bulk of the goods in proportion to their value, and partly upon the diſtance of the ports between which they are to be carried; chiefly upon the former of thoſe two circumſtances. The coal-trade from Newcaſtle to London, for example, employs more ſhipping than all the carrying trade of England, though the ports are at no great diſtance. To force, therefore, by extraordinary encouragements, a larger ſhare of the capital of any country into the carrying trade, than what would naturally go to it, will not always neceſſarily increaſe the ſhipping of that country.

The capital, therefore, employed in the home-trade of any country will generally give encouragement and ſupport to a greater quantity of productive labour in that country, and increaſe the value of its annual produce more than an equal capital employed in the foreign trade of conſumption: and the capital employed in this latter trade has in both theſe reſpects a ſtill greater advantage over an equal capital employed in the carrying trade. The riches, and ſo far as power depends upon riches, the power of

every

every country, muſt always be in proportion to the value of its annual produce, the fund from which all taxes muſt ultimately be paid. But the great object of the political œconomy of every country, is to increaſe the riches and power of that country. It ought, therefore, to give no preference nor ſuperior encouragement to the foreign trade of conſumption above the home-trade, nor to the carrying trade above either of the other two. It ought neither to force nor to allure into either of thoſe two channels, a greater ſhare of the capital of the country than what would naturally flow into them of its own accord.

Each of thoſe different branches of trade, however, is not only advantageous, but neceſſary and unavoidable, when the courſe of things, without any conſtraint or violence, naturally introduces it.

When the produce of any particular branch of induſtry exceeds what the demand of the country requires, the ſurplus muſt be ſent abroad, and exchanged for ſomething for which there is a demand at home. Without ſuch exportation, a part of the productive labour of the country muſt ceaſe, and the value of its annual produce diminiſh. The land and labour of Great Britain produce generally more corn, woollens, and hard ware, than the demand of the home-market requires. The ſurplus part of them, therefore, muſt be ſent abroad, and exchanged for ſomething for which there is a demand at home. It is only by means of ſuch exportation, that this ſurplus can acquire a value ſufficient to

compenſate the labour and expence of producing it. The neighbourhood of the ſea coaſt, and the banks of all navigable rivers, are advantageous ſituations for induſtry, only becauſe they facilitate the exportation and exchange of ſuch ſurplus produce for ſomething elſe which is more in demand there.

When the foreign goods which are thus purchaſed with the ſurplus produce of domeſtic induſtry exceed the demand of the home-market, the ſurplus part of them muſt be ſent abroad again, and exchanged for ſomething more in demand at home. About ninety-ſix thouſand hogſheads of tobacco are annually purchaſed in Virginia and Maryland, with a part of the ſurplus produce of Britiſh induſtry. But the demand of Great Britain does not require, perhaps, more than fourteen thouſand. If the remaining eighty-two thouſand, therefore, could not be ſent abroad and exchanged for ſomething more in demand at home, the importation of them muſt ceaſe immediately, and with it the productive labour of all thoſe inhabitants of Great Britain, who are at preſent employed in preparing the goods with which theſe eighty-two thouſand hogſheads are annually purchaſed. Thoſe goods, which are part of the produce of the land and labour of Great Britain, having no market at home, and being deprived of that which they had abroad, muſt ceaſe to be produced. The moſt round-about foreign trade of conſumption, therefore, may, upon ſome occaſions, be as neceſſary for ſupporting the productive

tive labour of the country, and the value of its annual produce, as the moſt direct.

When the capital ſtock of any country is increaſed to ſuch a degree, that it cannot be all employed in ſupplying the conſumption, and ſupporting the productive labour of that particular country, the ſurplus part of it naturally diſgorges itſelf into the carrying trade, and is employed in performing the ſame offices to other countries. The carrying trade is the natural effect and ſymptom of great national wealth; but it does not ſeem to be the natural cauſe of it. Thoſe ſtateſmen who have been diſpoſed to favour it with particular eacouragements, ſeem to have miſtaken the effect and ſymptom for the cauſe. Holland, in proportion to the extent of the land and the number of its inhabitants, by far the richeſt country in Europe, has, accordingly, the greateſt ſhare of the carrying trade of Europe. England, perhaps the ſecond richeſt country of Europe, is likewiſe ſuppoſed to have a conſiderable ſhare of it; though what commonly paſſes for the carrying trade of England, will frequently, perhaps, be found to be no more than a round-about foreign trade of conſumption. Such are, in a great meaſure, the trades which carry the goods of the Eaſt and Weſt Indies, and of America, to different European markets. Thoſe goods are generally purchaſed either immediately with the produce of Britiſh induſtry, or with ſomething elſe which had been purchaſed with that produce, and the final returns of thoſe trades are generally uſed or con-

ſumed in Great Britain. The trade which is carried on in Britiſh bottoms between the different ports of the Mediterranean, and ſome trade of the ſame kind carried on by Britiſh merchants between the different ports of India, make, perhaps, the principal branches of what is properly the carrying trade of Great Britain.

The extent of the home-trade and of the capital which can be employed in it, is neceſſarily limited by the value of the ſurplus produce of all thoſe diſtant places within the country which have occaſion to exchange their reſpective productions with one another. That of the foreign trade of conſumption, by the value of the ſurplus produce of the whole country and of what can be purchaſed with it. That of the carrying trade, by the value of the ſurplus produce of all the different countries in the world. Its poſſible extent, therefore, is in a manner infinite in compariſon of that of the other two, and is capable of abſorbing the greateſt capitals.

The conſideration of his own private profit, is the ſole motive which determines the owner of any capital to employ it either in agriculture, in manufactures, or in ſome particular branch of the wholeſale or retail trade. The different quantities of productive labour which it may put into motion, and the different values which it may add to the annual produce of the land and labour of the ſociety, according as it is employed in one or other of thoſe different ways, never enter into his thoughts. In countries, therefore, where agriculture is the moſt profitable of all

all employments, and farming and improving the moſt direct roads to a ſplendid fortune, the capitals of individuals will naturally be employed in the manner moſt advantageous to the whole ſociety. The profits of agriculture, however, ſeem to have no ſuperiority over thoſe of other employments in any part of Europe. Projectors, indeed, in every corner of it, have within theſe few years amuſed the public with moſt magnificent accounts of the profits to be made by the cultivation and improvement of land. Without entering into any particular diſcuſſion of their calculations, a very ſimple obſervation may ſatisfy us that the reſult of them muſt be falſe. We ſee every day the moſt ſplendid fortunes that have been acquired in the courſe of a ſingle life by trade and manufactures, frequently from a very ſmall capital, ſometimes from no capital. A ſingle inſtance of ſuch a fortune acquired by agriculture in the ſame time, and from ſuch a capital, has not, perhaps, occurred in Europe during the courſe of the preſent century. In all the great countries of Europe, however, much good land ſtill remains uncultivated, and the greater part of what is cultivated, is far from being improved to the degree of which it is capable. Agriculture, therefore, is almoſt everywhere capable of abſorbing a much greater capital than has ever yet been employed in it. What circumſtances in the policy of Europe have given the trades which are carried on in towns ſo great an advantage over that which is carried on in the

country, that private perſons frequently find it more for their advantage to employ their capitals in the moſt diſtant carrying trades of Aſia and America, than in the improvement and cultivation of the moſt fertile fields in their own neighbourhood, I ſhall endeavour to explain at full length in the two following books.

BOOK III.

OF THE DIFFERENT PROGRESS OF OPULENCE IN DIFFERENT NATIONS.

CHAP. I.

Of the natural Progreſs of Opulence.

BOOK III. CHAP. I.

THE great commerce of every civilized ſociety, is that carried on between the inhabitants of the town and thoſe of the country. It confiſts in the exchange of rude for manufactured produce, either immediately, or by the intervention of money, or of ſome ſort of paper which repreſents money. The country ſupplies the town with the means of ſubſiſtence, and the materials of manufacture. The town repays this ſupply by ſending back a part of the manufactured produce to the inhabitants of the country. The town, in which there neither is nor can be any reproduction of ſubſtances, may very properly be ſaid to gain its whole wealth and ſubſiſtence from the country. We muſt not, however, upon this account, imagine that the gain of the town is the loſs of the country. The gains of both are mutual and reciprocal, and the diviſion of labour is in this, as in all other caſes, advantageous to all the different perſons employed in the various oocupations into which it is ſubdi-

BOOK III.

ſubdivided. The inhabitants of the country purchaſe of the town a greater quantity of manufactured goods, with the produce of a much ſmaller quantity of their own labour, than they muſt have employed had they attempted to prepare them themſelves. The town affords a market for the ſurplus produce of the country, or what is over and above the maintenance of the cultivators, and it is there that the inhabitants of the country exchange it for ſomething elſe which is in demand among them. The greater the number and revenue of the inhabitants of the town, the more extenſive is the market which it affords to thoſe of the country; and the more extenſive that market, it is always the more advantageous to a great number. The corn which grows within a mile of the town, ſells there for the ſame price with that which comes from twenty miles diſtance. But the price of the latter muſt generally, not only pay the expence of raiſing and bringing it to market, but afford too the ordinary profits of agriculture to the farmer. The proprietors and cultivators of the country, therefore, which lies in the neighbourhood of the town, over and above the ordinary profits of agriculture, gain, in the price of what they ſell, the whole value of the carriage of the like produce that is brought from more diſtant parts, and they ſave, beſides, the whole value of this carriage in the price of what they buy. Compare the cultivation of the lands in the neighbourhood of any conſiderable town, with that of thoſe which lie at ſome diſtance

from

from it, and you will easily satisfy yourself how much the country is benefited by the commerce of the town. Among all the absurd speculations that have been propagated concerning the balance of trade, it has never been pretended that either the country loses by its commerce with the town, or the town by that with the country which maintains it.

As subsistence is, in the nature of things, prior to conveniency and luxury, so the industry which procures the former, must necessarily be prior to that which ministers to the latter. The cultivation and improvement of the country, therefore, which affords subsistence, must, necessarily, be prior to the increase of the town, which furnishes only the means of conveniency and luxury. It is the surplus produce of the country only, or what is over and above the maintenance of the cultivators, that constitutes the subsistence of the town, which can therefore increase only with the increase of this surplus produce. The town, indeed, may not always derive its whole subsistence from the country in its neighbourhood, or even from the territory to which it belongs, but from very distant countries; and this, though it forms no exception from the general rule, has occasioned considerable variations in the progress of opulence in different ages and nations.

That order of things which necessity imposes in general, though not in every particular country, is, in every particular country, promoted by the natural inclinations of man. If human insti-

BOOK III.

tutions had never thwarted thoſe natural inclinations, the towns could no where have increaſed beyond what the improvement and cultivation of the territory in which they were ſituated could ſupport; till ſuch time at leaſt, as the whole of that territory was completely cultivated and improved. Upon equal, or nearly equal profits, moſt men will chuſe to employ their capitals rather in the improvement and cultivation of land, than either in manufactures or in foreign trade. The man who employs his capital in land, has it more under his view and command, and his fortune is much leſs liable to accidents than that of the trader, who is obliged frequently to commit it, not only to the winds and the waves, but to the more uncertain elements of human folly and injuſtice, by giving great credits in diſtant countries to men, with whoſe character and ſituation he can ſeldom be thoroughly acquainted. The capital of the landlord, on the contrary, which is fixed in the improvement of his land, ſeems to be as well ſecured as the nature of human affairs can admit of. The beauty of the country beſides, the pleaſures of a country life, the tranquillity of mind which it promiſes, and wherever the injuſtice of human laws does not diſturb it, the independency which it really affords, have charms that more or leſs attract every body; and as to cultivate the ground was the original deſtination of man, ſo in every ſtage of his exiſtence he ſeems to retain a predilection for this primitive employment.

Without

Without the affiſtance of ſome artificers, indeed, the cultivation of land cannot be carried on, but with great inconveniency and continual interruption. Smiths, carpenters, wheel-wrights, and plough-wrights, maſons, and bricklayers, tanners, ſhoemakers, and taylors, are people whoſe ſervice the farmer has frequent occaſion for. Such artificers, too, ſtand occaſionally in need of the aſſiſtance of one another; and as their reſidence is not, like that of the farmer, neceſſarily tied down to a preciſe ſpot, they naturally ſettle in the neighbourhood of one another, and thus form a ſmall town or village. The butcher, the brewer, and the baker, ſoon join them, together with many other artificers and retailers, neceſſary or uſeful for ſupplying their occaſional wants, and who contribute ſtill further to augment the town. The inhabitants of the town and thoſe of the country are mutually the ſervants of one another. The town is a continual fair or market, to which the inhabitants of the country reſort, in order to exchange their rude for manufactured produce. It is this commerce which ſupplies the inhabitants of the town both with the materials of their work, and the means of their ſubſiſtence. The quantity of the finiſhed work which they ſell to the inhabitants of the country, neceſſarily regulates the quantity of the materials and proviſions which they buy. Neither their employment nor ſubſiſtence, therefore, can augment, but in proportion to the augmentation of the demand from the country for finiſhed work; and this demand can augment

only

only in proportion to the extenſion of improvement and cultivation. Had human inſtitutions, therefore, never diſturbed the natural courſe of things, the progreſſive wealth and increaſe of the towns would, in every political ſociety, be conſequential, and in proportion to the improvement and cultivation of the territory or country.

In our North American colonies, where uncultivated land is still to be had upon eaſy terms, no manufacturers for diſtant ſale have ever yet been eſtabliſhed in any of their towns. When an artificer has acquired a little more ſtock than is neceſſary for carrying on his own buſineſs in ſupplying the neighbouring country, he does not, in North America, attempt to eſtabliſh with it a manufacture for more diſtant ſale, but employs it in the purchaſe and improvement of uncultivated land. From artificer he becomes planter, and neither the large wages nor the eaſy ſubſiſtence which that country affords to artificers, can bribe him rather to work for other people than for himſelf. He feels that an artificer is the ſervant of his cuſtomers, from whom he derives his ſubſiſtence; but that a planter who cultivates his own land, and derives his neceſſary ſubſiſtence from the labour of his own family, is really a maſter, and independent of all the world.

In countries, on the contrary, where there is either no uncultivated land, or none that can be had upon eaſy terms, every artificer who has acquired more ſtock than he can employ in the occaſional jobs of the neighbourhood, endeavours to prepare

prepare work for more diſtant ſale. The ſmith erects ſome ſort of iron, the weaver ſome ſort of linen or woollen manufactory. Thoſe different manufactures come, in proceſs of time, to be gradually ſubdivided, and thereby improved and refined in a great variety of ways, which may eaſily be conceived, and which it is therefore unneceſſary to explain any further.

In ſeeking for employment to a capital, manufactures are, upon equal, or nearly equal profits, naturally preferred to foreign commerce, for the ſame reaſon that agriculture is naturally preferred to manufactures. As the capital of the landlord or farmer is more ſecure than that of the manufacturer, ſo the capital of the manufacturer being at all times more within his view and command, is more ſecure than that of the foreign merchant. In every period, indeed, of every ſociety, the ſurplus part both of the rude and manufactured produce, or that for which there is no demand at home, muſt be ſent abroad, in order to be exchanged for ſomething for which there is ſome demand at home. But whether the capital, which carries this ſurplus produce abroad, be a foreign or a domeſtic one, is of very little importance. If the ſociety has not acquired ſufficient capital both to cultivate all its lands, and to manufacture, in the completeſt manner, the whole of its rude produce, there is even a conſiderable advantage that that rude produce ſhould be exported by a foreign capital, in order that the whole ſtock of the ſociety may be employed in more uſeful purpoſes. The

wealth

BOOK III.

wealth of ancient Egypt, that of China and Indoſtan, ſufficiently demonſtrate that a nation may attain a very high degree of opulence, though the greater part of its exportation trade be carried on by foreigners. The progreſs of our North American and Weſt Indian colonies would have been much leſs rapid, had no capital but what belonged to themſelves been employed in exporting their ſurplus produce.

According to the natural courſe of things, therefore, the greater part of the capital of every growing ſociety is, firſt, directed to agriculture, afterwards to manufactures, and laſt of all to foreign commerce. This order of things is ſo very natural, that in every ſociety that had any territory, it has always, I believe, been in ſome degree, obſerved. Some of their lands muſt have been cultivated before any conſiderable towns could be eſtabliſhed, and ſome ſort of coarſe induſtry of the manufacturing kind muſt have been carried on in thoſe towns, before they could well think of employing themſelves in foreign commerce.

But though this natural order of things muſt have taken place in ſome degree in every ſuch ſociety, it has, in all the modern ſtates of Europe, been, in many reſpects, entirely inverted. The foreign commerce of ſome of their cities has introduced all their finer manufactures, or ſuch as were fit for diſtant ſale; and manufactures and foreign commerce together, have given birth to the principal improvements of agriculture. The manners and cuſtoms which the nature of

their original government introduced, and which remained after that government was greatly altered, necessarily forced them into this unnatural and retrogade order. CHAP. I.

CHAP. II.

Of the Discouragement of Agriculture in the ancient State of Europe after the Fall of the Roman Empire.

WHEN the German and Scythian nations over-ran the western provinces of the Roman empire, the confusions which followed so great a revolution lasted for several centuries. The rapine and violence which the barbarians exercised against the ancient inhabitants, interrupted the commerce between the towns and the country. The towns were deserted, and the country was left uncultivated, and the western provinces of Europe, which had enjoyed a considerable degree of opulence under the Roman empire, sunk into the lowest state of poverty and barbarism. During the continuance of those confusions, the chiefs and principal leaders of those nations, acquired or usurped to themselves the greater part of the lands of those countries. A great part of them was uncultivated; but no part of them, whether cultivated or uncultivated, was left without a proprietor. All of them were en- CHAP. II.

 grossed

groſſed, and the greater part by a few great proprietors.

This original engroſſing of uncultivated lands, though a great, might have been but a tranſitory evil. They might ſoon have been divided again, and broke into ſmall parcels either by ſucceſſion or by alienation. The law of primogeniture hindered them from being divided by ſucceſſion: the introduction of entails prevented their being broke into ſmall parcels by alienation.

When land, like moveables, is conſidered as the means only of ſubſiſtence and enjoyment, the natural law of ſucceſſion divides it, like them, among all the children of the family; of all of whom the ſubſiſtence and enjoyment may be ſuppoſed equally dear to the father. This natural law of ſucceſſion accordingly took place among the Romans, who made no more diſtinction between elder and younger, between male and female, in the inheritance of lands, than we do in the diſtribution of moveables. But when land was conſidered as the means, not of ſubſiſtence merely, but of power and protection, it was thought better that it ſhould deſcend undivided to one. In thoſe diſorderly times, every great landlord was a ſort of petty prince. His tenants were his ſubjects. He was their judge, and in ſome reſpects their legiſlator in peace, and their leader in war. He made war according to his own diſcretion, frequently againſt his neighbours, and ſometimes againſt his ſovereign. The ſecurity of a landed eſtate, therefore, the protection

which

which its owner could afford to thoſe who dwelt on it, depended upon its greatneſs. To divide it was to ruin it, and to expoſe every part of it to be oppreſſed and ſwallowed up by the incurſions of its neighbours. The law of primogeniture, therefore, came to take place, not immediately, indeed, but in proceſs of time, in the ſucceſſion of landed eſtates, for the ſame reaſon that it has generally taken place in that of monarchies, though not always at their firſt inſtitution. That the power, and conſequently the ſecurity of the monarchy, may not be weakened by diviſion, it muſt deſcend entire to one of the children. To which of them ſo important a preference ſhall be given, muſt be determined by ſome general rule, founded not upon the doubtful diſtinctions of perſonal merit, but upon ſome plain and evident difference which can admit of no diſpute. Among the children of the ſame family, there can be no indiſputable difference but that of ſex, and that of age. The male ſex is univerſally preferred to the female; and when all other things are equal, the elder every-where takes place of the younger. Hence the origin of the right of primogeniture, and of what is called lineal ſucceſſion.

Laws frequently continue in force long after the circumſtances, which firſt gave occaſion to them, and which could alone render them reaſonable, are no more. In the preſent ſtate of Europe, the proprietor of a ſingle acre of land is as perfectly ſecure of his poſſeſſion as the proprietor of a hundred thouſand. The right of primogeniture,

niture, however, ſtill continues to be reſpected, and as of all inſtitutions it is the fitteſt to ſupport the pride of family diſtinctions, it is ſtill likely to endure for many centuries. In every other reſpect, nothing can be more contrary to the real intereſt of a numerous family, than a right which, in order to enrich one, beggars all the reſt of the children.

Entails are the natural conſequences of the law of primogeniture. They were introduced to preſerve a certain lineal ſucceſſion, of which the law of primogeniture firſt gave the idea, and to hinder any part of the original eſtate from being carried out of the propoſed line either by gift, or deviſe, or alienation; either by the folly, or by the misfortune of any of its ſucceſſive owners. They were altogether unknown to the Romans. Neither their ſubſtitutions nor fideicommiſſes bear any reſemblance to entails, though ſome French lawyers have thought proper to dreſs the modern inſtitution in the language and garb of thoſe antient ones.

When great landed eſtates were a ſort of principalities, entails might not be unreaſonable. Like what are called the fundamental laws of ſome monarchies, they might frequently hinder the ſecurity of thouſands from being endangered by the caprice or extravagance of one man. But in the preſent ſtate of Europe, when ſmall as well as great eſtates derive their ſecurity from the laws of their country, nothing can be more completely abſurd. They are founded upon the moſt abſurd of all ſuppoſitions, the ſuppoſition that

that every ſucceſſive generation of men have not an equal right to the earth, and to all that it poſſeſſes; but that the property of the preſent generation ſhould be reſtrained and regulated according to the fancy of thoſe who died perhaps five hundred years ago. Entails, however, are ſtill reſpected through the greater part of Europe, in thoſe countries particularly in which noble birth is a neceſſary qualification for the enjoyment either of civil or military honours. Entails are thought neceſſary for maintaining this excluſive privilege of the nobility to the great offices and honours of their country; and that order having uſurped one unjuſt advantage over the reſt of their fellow-citizens, leſt their poverty ſhould render it ridiculous, it is thought reaſonable that they ſhould have another. The common law of England, indeed, is ſaid to abhor perpetuities, and they are accordingly more reſtricted there than in any other European monarchy; though even England is not altogether without them. In Scotland more than one-fifth, perhaps more than one-third part of the whole lands of the country, are at preſent ſuppoſed to be under ſtrict entail.

Great tracts of uncultivated land were, in this manner, not only engroſſed by particular families, but the poſſibility of their being divided again was as much as poſſible precluded for ever. It ſeldom happens, however, that a great proprietor is a great improver. In the diſorderly times which gave birth to thoſe barbarous inſtitutions, the great proprietor was ſufficiently em-

ployed in defending his own territories, or in extending his jurisdiction and authority over those of his neighbours. He had no leisure to attend to the cultivation and improvement of land. When the establishment of law and order afforded him this leisure, he often wanted the inclination, and almost always the requisite abilities. If the expence of his house and person either equalled or exceeded his revenue, as it did very frequently, he had no stock to employ in this manner. If he was an œconomist, he generally found it more profitable to employ his annual savings in new purchases, than in the improvement of his old estate. To improve land with profit, like all other commercial projects, requires an exact attention to small savings and small gains, of which a man born to a great fortune, even though naturally frugal, is very seldom capable. The situation of such a person naturally disposes him to attend rather to ornament which pleases his fancy, than to profit for which he has so little occasion. The elegance of his dress, of his equipage, of his house, and household furniture, are objects which from his infancy he has been accustomed to have some anxiety about. The turn of mind which this habit naturally forms, follows him when he comes to think of the improvement of land. He embellishes perhaps four or five hundred acres in the neighbourhood of his house, at ten times the expence which the land is worth after all his improvements; and finds that if he was to improve his whole estate in the same manner, and

and he has little taste for any other, he would be a bankrupt before he had finished the tenth part of it. There still remain in both parts of the United Kingdom some great estates which have continued without interruption in the hands of the same family since the times of feudal anarchy. Compare the present condition of those estates with the possessions of the small proprietors in their neighbourhood, and you will require no other argument to convince you how unfavourable such extensive property is to improvement. If little improvement was to be expected from such great proprietors, still less was to be hoped for from those who occupied the land under them. In the ancient state of Europe, the occupiers of land were all tenants at will. They were all or almost all slaves; but their slavery was of a milder kind than that known among the ancient Greeks and Romans, or even in our West Indian colonies. They were supposed to belong more directly to the land than to their master. They could, therefore, be sold with it, but not separately. They could marry, provided it was with the consent of their master; and he could not afterwards dissolve the marriage by selling the man and wife to different persons. If he maimed or murdered any of them, he was liable to some penalty, though generally but to a small one. They were not, however, capable of acquiring property. Whatever they acquired was acquired to their master, and he could take it from them at pleasure. Whatever cultivation and improvement could be

carried on by means of ſuch ſlaves, was properly carried on by their maſter. It was at his expence. The ſeed, the cattle, and the inſtruments of huſbandry were all his. It was for his benefit. Such ſlaves could acquire nothing but their daily maintenance. It was properly the proprietor himſelf, therefore, that, in this caſe, occupied his own lands, and cultivated them by his own bondmen. This ſpecies of ſlavery ſtill ſubſiſts in Ruſſia, Poland, Hungary, Bohemia, Moravia, and other parts of Germany. It is only in the weſtern and ſouth-weſtern provinces of Europe, that it has gradually been abolitſhed altogether.

But if great improvements are ſeldom to be expected from great proprietors, they are leaſt of all to be expected when they employ ſlaves for their workmen. The experience of all ages and nations, I believe, demonſtrates that the work done by ſlaves, though it appears to coſt only their maintenance, is in the end the deareſt of any. A perſon who can acquire no property, can have no other intereſt but to eat as much, and to labour as little as poſſible. Whatever work he does beyond what is ſufficient to purchaſe his own maintenance, can be ſqueezed out of him by violence only, and not by any intereſt of his own. In ancient Italy, how much the cultivation of corn degenerated, how unprofitable it became to the maſter when it fell under the management of ſlaves, is remarked by both Pliny and Columella. In the time of Ariſtotle it had not been much better in ancient Greece. Speaking of the ideal

ideal republic deſcribed in the laws of Plato, to maintain five thouſand idle men (the number of warriors ſuppoſed neceſſary for its defence), together with their women and ſervants, would require, he ſays, a territory of boundleſs extent and fertility, like the plains of Babylon.

The pride of man makes him love to domineer, and nothing mortifies him ſo much as to be obliged to condeſcend to perſuade his inferiors. Wherever the law allows it, and the nature of the work can afford it, therefore, he will generally prefer the ſervice of ſlaves to that of freemen. The planting of ſugar and tobacco can afford the expence of ſlave cultivation. The raiſing of corn, it ſeems, in the preſent times, cannot. In the Engliſh colonies, of which the principal produce is corn, the far greater part of the work is done by freemen. The late reſolution of the Quakers in Pennſylvania to ſet at liberty all their negro ſlaves, may ſatisfy us that their number cannot be very great. Had they made any conſiderable part of their property, ſuch a reſolution could never have been agreed to. In our ſugar colonies, on the contrary, the whole work is done by ſlaves, and in our tobacco colonies a very great part of it. The profits of a ſugar-plantation in any of our Weſt Indian colonies are generally much greater than thoſe of any other cultivation that is known either in Europe or America: And the profits of a tobacco plantation, though inferior to thoſe of ſugar, are ſuperior to thoſe of corn, as has already been obſerved. Both can afford the expence

pence of ſlave cultivation, but ſugar can afford it ſtill better than tobacco. The number of negroes accordingly is much greater, in proportion to that of whites, in our ſugar than in our tobacco colonies.

To the ſlave cultivators of ancient times, gradually ſucceeded a ſpecies of farmers known at preſent in France by the name of Metayers. They are called in Latin, Coloni Partiarii. They have been ſo long in diſuſe in England that at preſent I know no Engliſh name for them. The proprietor furniſhed them with the ſeed, cattle, and inſtruments of huſbandry, the whole ſtock, in ſhort, neceſſary for cultivating the farm. The produce was divided equally between the proprietor and the farmer, after ſetting aſide what was judged neceſſary for keeping up the ſtock, which was reſtored to the proprietor when the farmer either quitted, or was turned out of the farm.

Land occupied by ſuch tenants is properly cultivated at the expence of the proprietor, as much as that occupied by ſlaves. There is, however, one very eſſential difference between them. Such tenants, being freemen, are capable of acquiring property, and having a certain proportion of the produce of the land, they have a plain intereſt that the whole produce ſhould be as great as poſſible, in order that their own proportion may be ſo. A ſlave, on the contrary, who can acquire nothing but his maintenance, conſults his own eaſe by making the land produce as little as poſſible over and above that main-

maintenance. It is probable that it was partly upon account of this advantage, and partly upon account of the encroachments which the ſovereign, always jealous of the great lords, gradually encouraged their villains to make upon their authority, and which ſeem at laſt to have been ſuch as rendered this ſpecies of ſervitude altogether inconvenient, that tenure in villanage gradually wore out through the greater part of Europe. The time and manner, however, in which ſo important a revolution was brought about, is one of the moſt obſcure points in modern hiſtory. The church of Rome claims great merit in it; and it is certain that ſo early as the twelfth century, Alexander III. publiſhed a bull for the general emancipation of ſlaves. It ſeems, however, to have been rather a pious exhortation, than a law to which exact obedience was required from the faithful. Slavery continued to take place almoſt univerſally for ſeveral centuries afterwards, till it was gradually aboliſhed by the joint operation of the two intereſts above mentioned, that of the proprietor on the one hand, and that of the ſovereign on the other. A villain enfranchiſed, and at the ſame time allowed to continue in poſſeſſion of the land, having no ſtock of his own, could cultivate it only by means of what the landlord advanced to him, and muſt, therefore, have been what the French call a Metayer.

It could never, however, be the intereſt even of this laſt ſpecies of cultivators to lay out, in the further improvement of the land, any part of the little

little ſtock which they might ſave from their own ſhare of the produce, becauſe the lord, who laid out nothing, was to get one-half of whatever it produced. The tithe, which is but a tenth of the produce, is found to be a very great hindrance to improvement. A tax, therefore, which amounted to one-half, muſt have been an effectual bar to it. It might be the intereſt of a metayer to make the land produce as much as could be brought out of it by means of the ſtock furniſhed by the proprietor; but it could never be his intereſt to mix any part of his own with it. In France, where five parts out of ſix of the whole kingdom are ſaid to be ſtill occupied by this ſpecies of cultivators, the proprietors complain that their metayers take every opportunity of employing the maſters cattle rather in carriage than in cultivation; becauſe in the one caſe they get the whole profits to themſelves, in the other they ſhare them with their landlord. This ſpecies of tenants ſtill ſubſiſts in ſome parts of Scotland. They are called ſteel-bow tenants. Thoſe ancient Engliſh tenants, who are ſaid by Chief Baron Gilbert and Doctor Blackſtone to have been rather bailiffs of the landlord than farmers properly ſo called, were probably of the ſame kind.

To this ſpecies of tenancy ſucceeded, though by very ſlow degrees, farmers properly ſo called, who cultivated the land with their own ſtock, paying a rent certain to the landlord. When ſuch farmers have a leaſe for a term of years, they may ſometimes find it for their intereſt to lay

lay out part of their capital in the further improvement of the farm; becauſe they may ſometimes expect to recover it, with a large profit, before the expiration of the leaſe. The poſſeſſion even of ſuch farmers, however, was long extremely precarious, and ſtill is ſo in many parts of Europe. They could before the expiration of their term be legally outed of their leaſe, by a new purchaſer; in England, even by the fictitious action of a common recovery. If they were turned out illegally by the violence of their maſter, the action by which they obtained redreſs was extremely imperfect. It did not always re-inſtate them in the poſſeſſion of the land, but gave them damages which never amounted to the real loſs. Even in England, the country perhaps of Europe where the yeomanry has always been moſt reſpected, it was not till about the 14th of Henry the VIIth that the action of ejectment was invented, by which the tenant recovers, not damages only but poſſeſſion, and in which his claim is not neceſſarily concluded by the uncertain deciſion of a ſingle aſſize. This action has been found ſo effectual a remedy that, in the modern practice, when the landlord has occaſion to ſue for the poſſeſſion of the land, he ſeldom makes uſe of the actions which properly belong to him as landlord, the writ of right or the writ of entry, but ſues in the name of his tenant, by the writ of ejectment. In England, therefore, the ſecurity of the tenant is equal to that of the proprietor. In England beſides a leaſe for life of forty ſhillings a year value is a

 freehold,

freehold, and entitles the leſſee to vote for a member of parliament; and as a great part of the yeomanry have freeholds of this kind, the whole order becomes reſpectable to their landlords on account of the political conſideration which this gives them. There is, I believe, no-where in Europe, except in England, any inſtance of the tenant building upon the land of which he had no leaſe, and truſting that the honour of his landlord would take no advantage of ſo important an improvement. Thoſe laws and cuſtoms ſo favourable to the yeomanry, have perhaps contributed more to the preſent grandeur of England, than all their boaſted regulations of commerce taken together.

The law which ſecures the longeſt leaſes againſt ſucceſſors of every kind is, ſo far as I know, peculiar to Great Britain. It was introduced into Scotland ſo early as 1449, by a law of James the IId. Its beneficial influence, however, has been much obſtructed by entails; the heirs of entail being generally reſtrained from letting leaſes for any long term of years, frequently for more than one year. A late act of parliament has, in this reſpect, ſomewhat ſlackened their fetters, though they are ſtill by much too ſtrait. In Scotland, beſides, as no leaſehold gives a vote for a member of parliament, the yeomanry are upon this account leſs reſpectable to their landlords than in England.

In other parts of Europe, after it was found convenient to ſecure tenants both againſt heirs and purchaſers, the term of their ſecurity was

ſtill limited to a very ſhort period; in France, for example, to nine years from the commencement of the leaſe. It has in that country, indeed, been lately extended to twenty ſeven, a period ſtill too ſhort to encourage the tenant to make the moſt important improvements. The proprietors of land were anciently the legiſlators of every part of Europe. The laws relating to land, therefore, were all calculated for what they ſuppoſed the intereſt of the proprietor. It was for his intereſt, they had imagined, that no leaſe granted by any of his predeceſſors ſhould hinder him from enjoying, during a long term of years, the full value of his land. Avarice and injuſtice are always ſhort-ſighted, and they did not foreſee how much this regulation muſt obſtruct improvement, and thereby hurt in the long-run the real intereſt of the landlord.

The farmers too, beſides paying the rent, were anciently, it was ſuppoſed, bound to perform a great number of ſervices to the landlord, which were ſeldom either ſpecified in the leaſe, or regulated by any preciſe rule, but by the uſe and wont of the manor or barony. Theſe ſervices, therefore, being almoſt entirely arbitrary, ſubjected the tenant to many vexations. In Scotland the abolition of all ſervices, not preciſely ſtipulated in the leaſe, has in the courſe of a few years very much altered for the better the condition of the yeomanry of that country.

The public ſervices to which the yeomanry were bound, were not leſs arbitrary than the private ones. To make and maintain the high roads,

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roads, a ſervitude which ſtill ſubſiſts, I believe, every-where, though with different degrees of oppreſſion in different countries, was not the only one. When the king's troops, when his houſehold or his officers of any kind paſſed through any part of the country, the yeomanry were bound to provide them with horſes, carriages, and proviſions, at a price regulated by the purveyor. Great Britain is, I believe, the only monarchy in Europe where the oppreſſion of purveyance has been entirely aboliſhed. It ſtill ſubſiſts in France and Germany.

The public taxes to which they were ſubject were as irregular and oppreſſive as the ſervices. The ancient lords, though extremely unwilling to grant themſelves any pecuniary aid to their ſovereign, eaſily allowed him to tallage, as they called it, their tenants, and had not knowledge enough to foreſee how much this muſt in the end affect their own revenue. The taille, as it ſtill ſubſiſts in France, may ſerve as an example of thoſe ancient tallages. It is a tax upon the ſuppoſed profits of the farmer, which they eſtimate by the ſtock that he has upon the farm. It is his intereſt, therefore, to appear to have as little as poſſible, and conſequently to employ as little as poſſible in its cultivation, and none in its improvement. Should any ſtock happen to accumulate in the hands of a French farmer, the taille is almoſt equal to a prohibition of its ever being employed upon the land. This tax beſides is ſuppoſed to diſhonour whoever is ſubject to it, and to degrade him below, not only the rank of a gen-

a gentleman, but that of a burgher, and whoever rents the lands of another becomes ſubject to it. No gentleman, nor even any burgher who has ſtock, will ſubmit to this degradation. This tax, therefore, not only hinders the ſtock which accumulates upon the land from being employed in its improvement, but drives away all other ſtock from it. The ancient tenths and fifteenths, ſo uſual in England in former times, ſeem, ſo far as they affected the land, to have been taxes of the ſame nature with the taille.

Under all theſe diſcouragements, little improvement could be expected from the occupiers of land. That order of people, with all the liberty and ſecurity which law can give, muſt always improve under great diſadvantages. The farmer compared with the proprietor, is as a merchant who trades with borrowed money compared with one who trades with his own. The ſtock of both may improve, but that of the one, with only equal good conduct, muſt always improve more ſlowly than that of the other, on account of the large ſhare of the profits which is conſumed by the intereſt of the loan. The lands cultivated by the farmer muſt, in the ſame manner, with only equal good conduct, be improved more ſlowly than thoſe cultivated by the proprietor; on account of the large ſhare of the produce which is conſumed in the rent, and which, had the farmer been proprietor, he might have employed in the further improvement of the land. The ſtation of a farmer beſides is, from the nature of things, inferior to that of a proprietor.

prietor. Through the greater part of Europe the yeomanry are regarded as an inferior rank of people, even to the better ſort of tradeſmen and mechanics, and in all parts of Europe to the great merchants and maſter manufacturers. It can ſeldom happen, therefore, that a man of any conſiderable ſtock ſhould quit the ſuperior, in order to place himſelf in an inferior ſtation. Even in the preſent ſtate of Europe, therefore, little ſtock is likely to go from any other profeſſion to the improvement of land in the way of farming. More does perhaps in Great Britain than in any other country, though even there the great ſtocks which are, in ſome places, employed in farming, have generally been acquired by farming, the trade, perhaps, in which of all others ſtock is commonly acquired moſt ſlowly. After ſmall proprietors, however, rich and great farmers are, in every country, the principal improvers. There are more ſuch perhaps in England than in any other European monarchy. In the republican governments of Holland and of Berne in Switzerland, the farmers are ſaid to be not inferior to thoſe of England.

The ancient policy of Europe was, over and above all this, unfavourable to the improvement and cultivation of land, whether carried on by the proprietor or by the farmer; firſt, by the general prohibition of the exportation of corn without a ſpecial licence, which ſeems to have been a very univerſal regulation; and ſecondly, by the reſtraints which were laid upon the inland commerce, not only of corn but of almoſt every

other

other part of the produce of the farm, by the absurd laws against engrossers, regraters, and forestallers, and by the privileges of fairs and markets. It has already been observed in what manner the prohibition of the exportation of corn, together with some encouragement given to the importation of foreign corn, obstructed the cultivation of ancient Italy, naturally the most fertile country in Europe, and at that time the seat of the greatest empire in the world. To what degree such restraints upon the inland commerce of this commodity, joined to the general prohibition of exportation, must have discouraged the cultivation of countries less fertile, and less favourably circumstanced, it is not perhaps very easy to imagine. CHAP. II.

CHAP. III.

Of the Rise and Progress of Cities and Towns, after the Fall of the Roman Empire.

THE inhabitants of cities and towns were, after the fall of the Roman empire, not more favoured than those of the country. They consisted, indeed, of a very different order of people from the first inhabitants of the ancient republics of Greece and Italy. These last were composed chiefly of the proprietors of lands, among whom the public territory was originally divided, and who found it convenient to build CHAP. III.

their houſes in the neighbourhood of one another, and to ſurround them with a wall, for the ſake of common defence. After the fall of the Roman empire, on the contrary, the proprietors of land ſeem generally to have lived in fortified caſtles on their own eſtates, and in the midſt of their own tenants and dependants. The towns were chiefly inhabited by tradeſmen and mechanics, who ſeem in thoſe days to have been of ſervile, or very nearly of ſervile condition. The privileges which we find granted by ancient charters to the inhabitants of ſome of the principal towns in Europe, ſufficiently ſhew what they were before thoſe grants. The people to whom it is granted as a privilege, that they might give away their own daughters in marriage without the conſent of their lord, that upon their death their own children, and not their lord, ſhould ſucceed to their goods, and that they might diſpoſe of their own effects by will, muſt, before thoſe grants, have been either altogether, or very nearly in the ſame ſtate of villanage with the occupiers of land in the country.

They ſeem, indeed, to have been a very poor, mean ſet of people, who uſed to travel about with their goods from place to place, and from fair to fair, like the hawkers and pedlars of the preſent times. In all the different countries of Europe then, in the ſame manner as in ſeveral of the Tartar governments of Aſia at preſent, taxes uſed to be levied upon the perſons and goods of travellers, when they paſſed through certain manors, when they went over certain bridges, when they

they carried about their goods from place to place in a fair, when they erected in it a booth or ſtall to ſell them in. Theſe different taxes were known in England by the names of paſſage, pontage, laſtage, and ſtallage. Sometimes the king, ſometimes a great lord, who had, it ſeems, upon ſome occaſions, authority to do this, would grant to particular traders, to ſuch particularly as lived in their own demeſnes, a general exemption from ſuch taxes. Such traders, though in other reſpects of ſervile, or very nearly of ſervile condition, were upon this account called Free-traders. They in return uſually paid to their protector a ſort of annual poll-tax. In thoſe days protection was ſeldom granted without a valuable conſideration, and this tax might, perhaps, be conſidered as compenſation for what their patrons might loſe by their exemption from other taxes. At firſt, both thoſe poll-taxes and thoſe exemptions ſeem to have been altogether perſonal, and to have affected only particular individuals, during either their lives, or the pleaſure of their protectors. In the very imperfect accounts which have been publiſhed from Domeſday-book, of ſeveral of the towns of England, mention is frequently made ſometimes of the tax which particular burghers paid, each of them, either to the king, or to ſome other great lord, for this ſort of protection; and ſometimes of the general amount only of all thoſe taxes *.

* See Brady's hiſtorical treatiſe of Cities and Burroughs, p. 3, &c.

But how ſervile ſoever may have been originally the condition of the inhabitants of the towns, it appears evidently, that they arrived at liberty and independency much earlier than the occupiers of land in the country. That part of the king's revenue which aroſe from ſuch poll-taxes in any particular town, uſed commonly to be let in farm, during a term of years for a rent certain, ſometimes to the ſheriff of the county, and ſometimes to other perſons. The burghers themſelves frequently got credit enough to be admitted to farm the revenues of this ſort which aroſe out of their own town, they becoming jointly and ſeverally anſwerable for the whole rent *. To let a farm in this manner was quite agreeable to the uſual œconomy of, I believe, the ſovereigns of all the different countries of Europe; who uſed frequently to let whole manors to all the tenants of thoſe manors, they becoming jointly and ſeverally anſwerable for the whole rent; but in return being allowed to collect it in their own way, and to pay it into the king's exchequer by the hands of their own bailiff, and being thus altogether freed from the inſolence of the king's officers; a circumſtance in thoſe days regarded as of the greateſt importance.

At firſt, the farm of the town was probably let to the burghers, in the ſame manner as it had been to other farmers, for a term of years only. In proceſs of time, however, it ſeems to

* See Madox Firma Burgi, p. 18. alſo Hiſtory of the Exchequer, chap. 10. ſect. v. p. 223, firſt edition.

have

have become the general practice to grant it to them in fee, that is for ever, reserving a rent certain never afterwards to be augmented. The payment having thus become perpetual, the exemptions, in return, for which it was made, naturally became perpetual too. Those exemptions, therefore, ceased to be personal, and could not afterwards be considered as belonging to individuals as individuals, but as burghers of a particular burgh, which, upon this account, was called a Free burgh, for the same reason that they had been called Free-burghers or Free-traders.

Along with this grant, the important privileges above mentioned, that they might give away their own daughters in marriage, that their children should succeed to them, and that they might dispose of their own effects by will, were generally bestowed upon the burghers of the town to whom it was given. Whether such privileges had before been usually granted along with the freedom of trade, to particular burghers, as individuals, I know not. I reckon it not improbable that they were, though I cannot produce any direct evidence of it. But however this may have been, the principal attributes of villanage and slavery being thus taken away from them, they now, at least, became really free in our present sense of the word Freedom.

Nor was this all. They were generally at the same time erected into a commonalty or corporation, with the privilege of having magistrates and a town council of their own, of making

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bye-laws for their own government, of building walls for their own defence, and of reducing all their inhabitants under a ſort of military diſcipline, by obliging them to watch and ward; that is, as anciently underſtood, to guard and defend thoſe walls againſt all attacks and ſurpriſes by night as well as by day. In England they were generally exempted from ſuit to the hundred and county courts; and all ſuch pleas as ſhould ariſe among them, the pleas of the crown excepted, were left to the deciſion of their own magiſtrates. In other countries much greater and more extenſive juriſdictions were frequently granted to them *.

It might, probably, be neceſſary to grant to ſuch towns as were admitted to farm their own revenues, ſome ſort of conpulſive juriſdiction to oblige their own citizens to make payment. In thoſe diſorderly times it might have been extremely inconvenient to have left them to ſeek this ſort of juſtice from any other tribunal. But it muſt ſeem extraordinary that the ſovereigns of all the different countries of Europe, ſhould have exchanged in this manner for a rent certain, never more to be augmented, that branch of their revenue, which was, perhaps, of all others the moſt likely to be improved by the natural courſe of things, without either expence or attention of their own: and that they ſhould, be-

* See Madox Firma Burgi: See alſo Pfeffel in the remarkable event under Frederic II. and his ſucceſſors of the houſe of Suabia.

ſides,

ſides, have in this manner voluntarily erected a ſort of independent republics in the heart of their own dominions.

In order to underſtand this, it muſt be remembered, that in thoſe days the ſovereign of perhaps no country in Europe was able to protect, through the whole extent of his dominions, the weaker part of his ſubjects from the oppreſſion of the great lords. Thoſe whom the law could not protect, and who were not ſtrong enough to defend themſelves, were obliged either to have recourſe to the protection of ſome great lord, and in order to obtain it to become either his ſlaves or vaſſals; or to enter into a league of mutual defence for the common protection of one another. The inhabitants of cities and burghs, conſidered as ſingle individuals, had no power to defend themſelves; but by entering into a league of mutual defence with their neighbours, they were capable of making no contemptible reſiſtance. The lords deſpiſed the burghers, whom they conſidered not only as of a different order, but as a parcel of emancipated ſlaves, almoſt of a different ſpecies from themſelves. The wealth of the burghers never failed to provoke their envy and indignation, and they plundered them upon every occaſion without mercy or remorſe. The burghers naturally hated and feared the lords. The king hated and feared them too; but though perhaps he might deſpiſe, he had no reaſon either to hate or fear the burghers. Mutual intereſt, therefore, diſpoſed them to ſupport the king, and the king to ſupport them

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them againſt the lords. They were the enemies of his enemies, and it was his intereſt to render them as ſecure and independent of thoſe enemies as he could. By granting them magiſtrates of their own, the privilege of making bye-laws for their own government, that of building walls for their own defence, and that of reducing all their inhabitants under a ſort of military diſcipline, he gave them all the means of ſecurity and independency of the barons which it was in his power to beſtow. Without the eſtabliſhment of ſome regular government of this kind, without ſome authority to compel their inhabitants to act according to ſome certain plan or ſyſtem, no voluntary league of mutual defence could either have afforded them any permanent ſecurity, or have enabled them to give the king any conſiderable ſupport. By granting them the farm of their town in fee, he took away from thoſe whom he wiſhed to have for his friends, and if one may ſay ſo, for his allies, all ground of jealouſy and ſuſpicion that he was ever afterwards to oppreſs them, either by raiſing the farm rent of their town, or by granting it to ſome other farmer.

The princes who lived upon the worſt terms with their barons, ſeem accordingly to have been the moſt liberal in grants of this kind to their burghs. King John of England, for example, appears to have been a moſt munificent benefactor to his towns*. Philip the Firſt of France loſt all authority over his barons. Towards the

* See Madox.

end

end of his reign, his ſon Lewis, known afterwards by the name of Lewis the Fat, conſulted, according to Father Daniel, with the biſhops of the royal demeſnes, concerning the moſt proper means of reſtraining the violence of the great lords. Their advice conſiſted of two different propoſals. One was to erect a new order of juriſdiction, by eſtabliſhing magiſtrates and a town council in every conſiderable town of his demeſnes. The other was to form a new militia, by making the inhabitants of thoſe towns, under the command of their own magiſtrates, march out upon proper occaſions to the aſſiſtance of the king. It is from this period, according to the French antiquarians, that we are to date the inſtitution of the magiſtrates and councils of cities in France. It was during the unproſperous reigns of the princes of the houſe of Suabia that the greater part of the free towns of Germany received the firſt grants of their privileges, and that the famous Hanſeatic league firſt became formidable *.

The militia of the cities ſeems, in thoſe times, not to have been inferior to that of the country, and as they could be more readily aſſembled upon any ſudden occaſion, they frequently had the advantage in their diſputes with the neighbouring lords. In countries, ſuch as Italy and Switzerland, in which, on account either of their diſtance from the principal ſeat of government, of the natural ſtrength of the country

* See Pfeffel.

itſelf,

itſelf, or of ſome other reaſon, the ſovereign came to loſe the whole of his authority, the cities generally became independent republics, and conquered all the nobility in their neighbourhood; obliging them to pull down their caſtles in the country, and to live, like other peaceable inhabitants, in the city. This is the ſhort hiſtory of the republic of Berne, as well as of ſeveral other cities in Switzerland. If you except Venice, for of that city the hiſtory is ſomewhat different, it is the hiſtory of all the conſiderable Italian republics, of which ſo great a number aroſe and periſhed, between the end of the twelfth and the beginning of the ſixteenth century.

In countries ſuch as France or England, where the authority of the ſovereign, though frequently very low, never was deſtroyed altogether, the cities had no opportunity of becoming entirely independent. They became, however, ſo conſiderable, that the ſovereign could impoſe no tax upon them, beſides the ſtated farm-rent of the town, without their own conſent. They were, therefore, called upon to ſend deputies to the general aſſembly of the ſtates of the kingdom, where they might join with the clergy and the barons in granting, upon urgent occaſions, ſome extraordinary aid to the king. Being generally too more favourable to his power, their deputies ſeem, ſometimes, to have been employed by him as a counter-balance in thoſe aſſemblies to the authority of the great lords. Hence the origin of

of the representation of burghs in the states general of all the great monarchies in Europe.

Order and good government, and along with them the liberty and security of individuals, were, in this manner, established in cities, at a time when the occupiers of land in the country were exposed to every sort of violence. But men in this defenceless state naturally content themselves with their necessary subsistence; because to acquire more might only tempt the injustice of their oppressors. On the contrary, when they are secure of enjoying the fruits of their industry, they naturally exert it to better their condition, and to acquire not only the necessaries, but the conveniencies and elegancies of life. That industry, therefore, which aims at something more than necessary subsistence, was established in cities long before it was commonly practised by the occupiers of land in the country. If in the hands of a poor cultivator, oppressed with the servitude of villanage, some little stock should accumulate, he would naturally conceal it with great care from his master, to whom it would otherwise have belonged, and take the first opportunity of running away to a town. The law was at that time so indulgent to the inhabitants of towns, and so desirous of diminishing the authority of the lords over those of the country, that if he could conceal himself there from the pursuit of his lord for a year, he was free for ever. Whatever stock, therefore, accumulated in the hands of the industrious part of the inhabitants of the country, naturally took refuge in cities,

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cities, as the only ſanctuaries in which it could be ſecure to the perſon that acquired it.

The inhabitants of a city, it is true, muſt always ultimately derive their ſubſiſtence, and the whole materials and means of their induſtry, from the country. But thoſe of a city ſituated near either the ſea-coaſt or the banks of a navigable river, are not neceſſarily confined to derive them from the country in their neighbourhood. They have a much wider range, and may draw them from the moſt remote corners of the world, either in exchange for the manufactured produce of their own induſtry, or by performing the office of carriers between diſtant countries, and exchanging the produce of one for that of another. A city might in this manner grow up to great wealth and ſplendor, while not only the country in its neighbourhood, but all thoſe to which it traded, were in poverty and wretchedneſs. Each of thoſe countries, perhaps, taken ſingly, could afford it but a ſmall part, either of its ſubſiſtence, or of its employment; but all of them taken together could afford it both a great ſubſiſtence and a great employment. There were, however, within the narrow circle of the commerce of thoſe times, ſome countries that were opulent and induſtrious. Such was the Greek empire as long as it ſubſiſted, and that of the Saracens during the reigns of the Abaſſides. Such too was Egypt till it was conquered by the Turks, ſome part of the coaſt of Barbary, and all thoſe provinces of Spain which were under the government of the Moors.

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The cities of Italy ſeem to have been the firſt in Europe which were raiſed by commerce to any conſiderable degree of opulence. Italy lay in the centre of what was at that time the improved and civilized part of the world. The cruſades too, though, by the great waſte of ſtock and deſtruction of inhabitants which they occaſioned, they muſt neceſſarily have retarded the progreſs of the greater part of Europe, were extremely favourable to that of ſome Italian cities. The great armies which marched from all parts to the conqueſt of the Holy Land, gave extraordinary encouragement to the ſhipping of Venice, Genoa, and Piſa, ſometimes in tranſporting them thither, and always in ſupplying them with proviſions. They were the commiſſaries, if one may ſay ſo, of thoſe armies; and the moſt deſtructive frenzy that ever befel the European nations, was a ſource of opulence to thoſe republics.

The inhabitants of trading cities, by importing the improved manufactures and expenſive luxuries of richer countries, afforded ſome food to the vanity of the great proprietors, who eagerly purchaſed them with great quantities of the rude produce of their own lands. The commerce of a great part of Europe in thoſe times, accordingly, conſiſted chiefly in the exchange of their own rude, for the manufactured produce of more civilized nations. Thus the wool of England uſed to be exchanged for the wines of France, and the fine cloths of Flanders, in the ſame manner as the corn in Poland is at this

day exchanged for the wines and brandies of France, and for the ſilks and velvets of France and Italy.

A taſte for the finer and more improved manufactures, was in this manner introduced by foreign commerce into countries where no ſuch works were carried on. But when this taſte became ſo general as to occaſion a conſiderable demand, the merchants, in order to ſave the expence of carriage, naturally endeavoured to eſtabliſh ſome manufactures of the ſame kind in their own country. Hence the origin of the firſt manufactures for diſtant ſale that ſeem to have been eſtabliſhed in the weſtern provinces of Europe, after the fall of the Roman empire.

No large country, it muſt be obſerved, ever did or could ſubſiſt without ſome ſort of manufactures being carried on in it; and when it is ſaid of any ſuch country that it has no manufactures, it muſt always be underſtood of the finer and more improved, or of ſuch as are fit for diſtant ſale. In every large country, both the clothing and houſhold furniture of the far greater part of the people, are the produce of their own induſtry. This is even more univerſally the caſe in thoſe poor countries which are commonly ſaid to have no manufactures, than in thoſe rich ones that are ſaid to abound in them. In the latter, you will generally find, both in the clothes and houſhold furniture of the loweſt rank of people, a much greater proportion of foreign productions than in the former.

Those manufactures which are fit for distant sale, seem to have been introduced into different countries in two different ways.

Sometimes they have been introduced, in the manner above mentioned, by the violent operation, if one may say so, of the stocks of particular merchants and undertakers, who established them in imitation of some foreign manufactures of the same kind. Such manufactures, therefore, are the offspring of foreign commerce, and such seem to have been the ancient manufactures of silks, velvets, and brocades, which flourished in Lucca, during the thirteenth century. They were banished from thence by the tyranny of one of Machiavel's heroes, Castruccio Castracani. In 1310, nine hundred families were driven out of Lucca, of whom thirty-one retired to Venice, and offered to introduce there the silk manufacture*. Their offer was accepted; many privileges were conferred upon them, and they began the manufacture with three hundred workmen. Such too seem to have been the manufactures of fine cloths that anciently flourished in Flanders, and which were introduced into England in the beginning of the reign of Elizabeth; and such are the present silk manufactures of Lyons and Spital-fields. Manufactures introduced in this manner are generally employed upon foreign materials, being imitations of foreign manufactures. When the Venetian manu-

* See Sandi Istoria Civile de Vinezia, Part 2. vol. i. page 247, and 256.

facture was first established, the materials were all brought from Sicily and the Levant. The more ancient manufacture of Lucca was likewise carried on with foreign materials. The cultivation of mulberry trees, and the breeding of silk-worms, seem not to have been common in the northern parts of Italy before the sixteenth century. Those arts were not introduced into France till the reign of Charles IX. The manufactures of Flanders were carried on chiefly with Spanish and English wool. Spanish wool was the material, not of the first woollen manufacture of England, but of the first that was fit for distant sale. More than one half the materials of the Lyons manufacture is at this day foreign silk; when it was first established, the whole or very nearly the whole was so. No part of the materials of the Spital-fields manufacture is ever likely to be the produce of England. The seat of such manufactures, as they are generally introduced by the scheme and project of a few individuals, is sometimes established in a maritime city, and sometimes in an inland town, according as their interest, judgment or caprice happen to determine.

At other times manufactures for distant sale grow up naturally, and as it were of their own accord, by the gradual refinement of those houshold and coarser manufactures which must at all times be carried on even in the poorest and rudest countries. Such manufactures are generally employed upon the materials which the country produces, and they seem frequently to have

have been first refined and improved in such inland countries as were, not indeed at a very great, but at a considerable distance from the sea coast, and sometimes even from all water carriage. An inland country naturally fertile and easily cultivated, produces a great surplus of provisions beyond what is necessary for maintaining the cultivators, and on account of the expence of land carriage, and inconveniency of river navigation, it may frequently be difficult to send this surplus abroad. Abundance, therefore, renders provisions cheap, and encourages a great number of workmen to settle in the neighbourhood, who find that their industry can there procure them more of the necessaries and conveniences of life than in other places. They work up the materials of manufacture which the land produces, and exchange their finished work, or what is the same thing the price of it, for more materials and provisions. They give a new value to the surplus part of the rude produce, by saving the expence of carrying it to the water side, or to some distant market; and they furnish the cultivators with something in exchange for it that is either useful or agreeable to them, upon easier terms than they could have obtained it before. The cultivators get a better price for their surplus produce, and can purchase cheaper other conveniences which they have occasion for. They are thus both encouraged and enabled to increase this surplus produce by a further improvement and better cultivation of the land; and as the fertility of the land had given birth

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to the manufacture, ſo the progreſs of the manufacture re-acts upon the land, and increaſes ſtill further its fertility. The manufactures firſt ſupply the neighbourhood, and afterwards, as their work improves and refines, more diſtant markets. For though neither the rude produce, nor even the coarſe manufacture, could, without the greateſt difficulty, ſupport the expence of a conſiderable land carriage, the refined and improved manufacture eaſily may. In a ſmall bulk it frequently contains the price of a great quantity of rude produce. A piece of fine cloth, for example, which weighs only eighty pounds, contains in it, the price, not only of eighty pounds weight of wool, but ſometimes of ſeveral thouſand weight of corn, the maintenance of the different working people, and of their immediate employers. The corn, which could with difficulty have been carried abroad in its own ſhape, is in this manner virtually exported in that of the complete manufacture, and may eaſily be ſent to the remoteſt corners of the world. In this manner have grown up naturally, and as it were of their own accord, the manufactures of Leeds, Halifax, Sheffield, Birmingham, and Wolverhampton. Such manufactures are the offſpring of agriculture. In the modern hiſtory of Europe, their extenſion and improvement have generally been poſterior to thoſe which were the offſpring of foreign commerce. England was noted for the manufacture of fine cloths made of Spaniſh wool, more than a century before any of thoſe which now flouriſh in the places above mentioned

mentioned were fit for foreign ſale. The extenſion and improvement of theſe laſt could not take place but in conſequence of the extenſion and improvement of agriculture, the laſt and greateſt effect of foreign commerce, and of the manufactures immediately introduced by it, and which I ſhall now proceed to explain. CHAP. III.

CHAP. IV.

How the Commerce of the Towns contributed to the Improvement of the Country.

THE increaſe and riches of commercial and manufacturing towns, contributed to the improvement and cultivation of the countries to which they belonged, in three different ways. CHAP. IV.

Firſt, by affording a great and ready market for the rude produce of the country, they gave encouragement to its cultivation and further improvement. This benefit was not even confined to the countries in which they were ſituated, but extended more or leſs to all thoſe with which they had any dealings. To all of them they afforded a market for ſome part either of their rude or manufactured produce, and conſequently gave ſome encouragement to the induſtry and improvement of all. Their own country, however, on account of its neighbourhood, neceſſarily derived the greateſt benefit from this market.

BOOK III. Its rude produce being charged with leſs carriage, the traders could pay the growers a better price for it, and yet afford it as cheap to the consumers as that of more diſtant countries.

Secondly, the wealth acquired by the inhabitants of cities was frequently employed in purchaſing ſuch lands as were to be ſold, of which a great part would frequently be uncultivated. Merchants are commonly ambitious of becoming country gentlemen, and when they do, they are generally the beſt of all improvers. A merchant is accuſtomed to employ his money chiefly in profitable projects; whereas a mere country gentleman is accuſtomed to employ it chiefly in expence. The one often ſees his money go from him and return to him again with a profit: the other, when once he parts with it, very ſeldom expects to ſee any more of it. Thoſe different habits naturally affect their temper and diſpoſition in every ſort of buſineſs. A merchant is commonly a bold; a country gentleman, a timid undertaker. The one is not afraid to lay out at once a large capital upon the improvement of his land, when he has a probable proſpect of raiſing the value of it in proportion to the expence. The other, if he has any capital, which is not always the caſe, ſeldom ventures to employ it in this manner. If he improves at all, it is commonly not with a capital, but with what he can ſave out of his annual revenue. Whoever has had the fortune to live in a mercantile town ſituated in an unimproved country, muſt have frequently obſerved how much more ſpirited

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the operations of merchants were in this way, than those of mere country gentlemen. The habits, besides, of order, œconomy and attention, to which mercantile business naturally forms a merchant, render him much fitter to execute, with profit and success, any project of improvement.

Thirdly, and lastly, commerce and manufactures gradually introduced order and good government, and with them, the liberty and security of individuals, among the inhabitants of the country, who had before lived almost in a continual state of war with their neighbours, and of servile dependency upon their superiors. This, though it has been the least observed, is by far the most important of all their effects. Mr. Hume is the only writer who, so far as I know, has hitherto taken notice of it.

In a country which has neither foreign commerce, nor any of the finer manufactures, a great proprietor, having nothing for which he can exchange the greater part of the produce of his lands which is over and above the maintenance of the cultivators, consumes the whole in rustic hospitality at home. If this surplus produce is sufficient to maintain a hundred or a thousand men, he can make use of it in no other way than by maintaining a hundred or a thousand men. He is at all times, therefore, surrounded with a multitude of retainers and dependants, who having no equivalent to give in return for their maintenance, but being fed entirely by his bounty, must obey him, for the same reason that soldiers

diers muſt obey the prince who pays them. Before the extenſion of commerce and manufactures in Europe, the hoſpitality of the rich and the great, from the ſovereign down to the ſmalleſt baron, exceeded every thing which in the preſent times we can eaſily form a notion of. Weſtminſter hall was the dining-room of William Rufus, and might frequently, perhaps, not be too large for his company. It was reckoned a piece of magnificence in Thomas Becket, that he ſtrowed the floor of his hall with clean hay or ruſhes in the ſeaſon, in order that the knights and ſquires, who could not get ſeats, might not ſpoil their fine clothes when they ſat down on the floor to eat their dinner. The great Earl of Warwick is ſaid to have entertained every day at his different manors, thirty thouſand people; and though the number here may have been exaggerated, it muſt, however, have been very great to admit of ſuch exaggeration. A hoſpitality nearly of the ſame kind was exerciſed not many years ago in many different parts of the Highlands of Scotland. It ſeems to be common in all nations to whom commerce and manufactures are little known. I have ſeen, ſays Doctor Pocock, an Arabian chief dine in the ſtreets of a town where he had come to ſell his cattle, and invite all paſſengers, even common beggars, to ſit down with him and partake of his banquet.

The occupiers of land were in every reſpect as dependent upon the great proprietor as his retainers. Even ſuch of them as were not in a ſtate of villanage, were tenants at will, who paid a rent

a rent in no respect equivalent to the subsistence which the land afforded them. A crown, half a crown, a sheep, a lamb, was some years ago in the Highlands of Scotland a common rent for lands which maintained a family. In some places it is so at this day; nor will money at present purchase a greater quantity of commodities there than in other places. In a country where the surplus produce of a large estate must be consumed upon the estate itself, it will frequently be more convenient for the proprietor, that part of it be consumed at a distance from his own house, provided they who consume it are as dependent upon him as either his retainers or his menial servants. He is thereby saved from the embarrassment of either too large a company or too large a family. A tenant at will, who possesses land sufficient to maintain his family for little more than a quit-rent, is as dependent upon the proprietor as any servant or retainer whatever, and must obey him with as little reserve. Such a proprietor, as he feeds his servants and retainers at his own house, so he feeds his tenants at their houses. The subsistence of both is derived from his bounty, and its continuance depends upon his good pleasure.

Upon the authority which the great proprietors necessarily had in such a state of things over their tenants and retainers, was founded the power of the ancient barons. They necessarily became the judges in peace, and the leaders in war, of all who dwelt upon their estates. They could maintain order and execute the law within their respective

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respective demesnes, because each of them could there turn the whole force of all the inhabitants against the injustice of any one. No other person had sufficient authority to do this. The king in particular had not. In those ancient times he was little more than the greatest proprietor in his dominions, to whom, for the sake of common defence against their common enemies, the other great proprietors paid certain respects. To have enforced payment of a small debt within the lands of a great proprietor, where all the inhabitants were armed and accustomed to stand by one another, would have cost the king, had he attempted it by his own authority, almost the same effort as to extinguish a civil war. He was, therefore, obliged to abandon the administration of justice through the greater part of the country, to those who were capable of administering it; and for the same reason to leave the command of the country militia to those whom that militia would obey.

It is a mistake to imagine that those territorial jurisdictions took their origin from the feudal law. Not only the highest jurisdictions both civil and criminal, but the power of levying troops, of coining money, and even that of making bye-laws for the government of their own people, were all rights possessed allodially by the great proprietors of land several centuries before even the name of the feudal law was known in Europe. The authority and jurisdiction of the Saxon lords in England, appear to have been as great before the conquest, as that of any of the Norman lords

lords after it. But the feudal law is not supposed to have become the common law of England till after the conquest. That the most extensive authority and jurisdictions were possessed by the great lords in France allodially, long before the feudal law was introduced into that country, is a matter of fact that admits of no doubt. That authority and those jurisdictions all necessarily flowed from the state of property and manners just now described. Without remounting to the remote antiquities of either the French or English monarchies, we may find in much later times many proofs that such effects must always flow from such causes. It is not thirty years ago since Mr. Cameron of Lochiel, a gentleman of Lochabar in Scotland, without any legal warrant whatever, not being what was then called a lord of regality, nor even a tenant in chief, but a vassal of the Duke of Argyle, and without being so much as a justice of peace, used, notwithstanding, to exercise the highest criminal jurisdiction over his own people. He is said to have done so with great equity, though without any of the formalities of justice; and it is not improbable that the state of that part of the country at that time made it necessary for him to assume this authority in order to maintain the public peace. That gentleman, whose rent never exceeded five hundred pounds a year, carried, in 1745, eight hundred of his own people into the rebellion with him,

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The introduction of the feudal law, so far from extending, may be regarded as an attempt to moderate the authority of the great allodial lords. It eſtabliſhed a regular ſubordination, accompanied with a long train of ſervices and duties, from the king down to the ſmalleſt proprietor. During the minority of the proprietor, the rent, together with the management of his lands, fell into the hands of his immediate ſuperior, and, conſequently, thoſe of all great proprietors into the hands of the king, who was charged with the maintenance and education of the pupil, and who, from his authority as guardian, was ſuppoſed to have a right of diſpoſing of him in marriage, provided it was in a manner not unſuitable to his rank. But though this inſtitution neceſſarily tended to ſtrengthen the authority of the king, and to weaken that of the great proprietors, it could not do either ſufficiently for eſtabliſhing order and good government among the inhabitants of the country; becauſe it could not alter ſufficiently that ſtate of property and manners from which the diſorders aroſe. The authority of government ſtill continued to be, as before, too weak in the head and too ſtrong in the inferior members, and the exceſſive ſtrength of the inferior members was the cauſe of the weakneſs of the head. After the inſtitution of feudal ſubordination, the king was as incapable of reſtraining the violence of the great lords as before. They ſtill continued to make war according to their own diſcretion, almoſt

almoſt continually upon one another, and very frequently upon the king; and the open country ſtill continued to be a ſcene of violence, rapine, and diſorder.

But what all the violence of the feudal inſtitutions could never have effected, the ſilent and inſenſible operation of foreign commerce and manufactures gradually brought about. Theſe gradually furniſhed the great proprietors with ſomething for which they could exchange the whole ſurplus produce of their lands, and which they could conſume themſelves without ſharing it either with tenants or retainers. All for ourſelves, and nothing for other people, ſeems, in every age of the world, to have been the vile maxim of the maſters of mankind. As ſoon, therefore, as they could find a method of conſuming the whole value of their rents themſelves, they had no diſpoſition to ſhare them with any other perſons. For a pair of dimond buckles perhaps, or for ſomething as frivolous and uſeleſs, they exchanged the maintenance, or what is the ſame thing, the price of the maintenance of a thouſand men for a year, and with it the whole weight and authority which it could give them. The buckles, however, were to be all their own, and no other human creature was to have any ſhare of them; whereas in the more ancient method of expence they muſt have ſhared with at leaſt a thouſand people. With the judges that were to determine the preference, this difference was perfectly deciſive; and thus, for the gratification of the moſt childiſh, the meaneſt and

the moſt ſordid of all vanities, they gradually bartered their whole power and authority.

In a country where there is no foreign commerce, nor any of the finer manufactures, a man of ten thouſand a year cannot well employ his revenue in any other way than in maintaining, perhaps, a thouſand families, who are all of them neceſſarily at his command. In the preſent ſtate of Europe, a man of ten thouſand a year can ſpend his whole revenue, and he generally does ſo, without directly maintaining twenty people, or being able to command more than ten footmen not worth the commanding. Indirectly, perhaps, he maintains as great or even a greater number of people than he could have done by the ancient method of expence. For though the quantity of precious productions for which he exchanges his whole revenue be very ſmall, the number of workmen employed in collecting and preparing it, muſt neceſſarily have been very great. Its great price generally ariſes from the wages of their labour, and the profits of all their immediate employers. By paying that price he indirectly pays all thoſe wages and profits, and thus indirectly contributes to the maintenance of all the workmen and their employers. He generally contributes, however, but a very ſmall proportion to that of each, to very few perhaps a tenth, to many not a hundredth, and to ſome not a thouſandth, nor even a ten thouſandth part of their whole annual maintenance. Though he contributes, therefore, to the maintenance of them all, they are all more or leſs independent

of him, becauſe generally they can all be maintained without him.

When the great proprietors of land ſpend their rents in maintaining their tenants and retainers, each of them maintains entirely all his own tenants and all his own retainers. But when they ſpend them in maintaining tradeſmen and artificers, they may, all of them taken together, perhaps, maintain as great, or, on account of the waſte which attends ruſtic hoſpitality, a greater number of people than before. Each of them, however, taken ſingly, contributes often but a very ſmall ſhare to the maintenance of any individual of this greater number. Each tradeſman or artificer derives his ſubſiſtence from the employment, not of one, but of a hundred or a thouſand different cuſtomers. Though in ſome meaſure obliged to them all, therefore, he is not abſolutely dependent upon any one of them.

The perſonal expence of the great proprietors having in this manner gradually increaſed, it was impoſſible that the number of their retainers ſhould not as gradually diminiſh, till they were at laſt diſmiſſed altogether. The ſame cauſe gradually led them to diſmiſs the unneceſſary part of their tenants. Farms were enlarged, and the occupiers of land, notwithſtanding the complaints of depopulation, reduced to the number neceſſary for cultivating it, according to the imperfect ſtate of cultivation and improvement in thoſe times. By the removal of the unneceſſary mouths, and by exacting from the farmer the full value of the farm, a greater ſurplus, or what

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BOOK III. is the ſame thing, the price of a greater ſurplus, was obtained for the proprietor, which the merchants and manufacturers ſoon furniſhed him with a method of ſpending upon his own perſon in the ſame manner as he had done the reſt. The ſame cauſe continuing to operate, he was deſirous to raiſe his rents above what his lands, in the actual ſtate of their improvement, could afford. His tenants could agree to this upon one condition only, that they ſhould be ſecured in their poſſeſſion, for ſuch a term of years as might give them time to recover with profit whatever they ſhould lay out in the further improvement of the land. The expenſive vanity of the landlord made him willing to accept of this condition; and hence the origin of long leaſes.

Even a tenant at will, who pays the full value of the land, is not altogether dependent upon the landlord. The pecuniary advantages which they receive from one another, are mutual and equal, and ſuch a tenant will expoſe neither his life nor his fortune in the ſervice of the proprietor. But if he has a leaſe for a long term of years, he is altogether independent; and his landlord muſt not expect from him even the moſt trifling ſervice beyond what is either expreſsly ſtipulated in the leaſe, or impoſed upon him by the common and known law of the country.

The tenants having in this manner become independent, and the retainers being diſmiſſed, the great proprietors were no longer capable of interrupting the regular execution of juſtice, or

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of disturbing the peace of the country. Having sold their birth-right, not like Esau for a mess of pottage in time of hunger and necessity, but in the wantonness of plenty, for trinkets and baubles, fitter to be the play-things of children than the serious pursuits of men, they became as insignificant as any substantial burgher or tradesman in a city. A regular government was established in the country as well as in the city, nobody having sufficient power to disturb its operations in the one, any more than in the other.

It does not, perhaps, relate to the present subject, but I cannot help remarking it, that very old families, such as have possessed some considerable estate from father to son for many successive generations, are very rare in commercial countries. In countries which have little commerce, on the contrary, such as Wales or the Highlands of Scotland, they are very common. The Arabian histories seem to be all full of genealogies, and there is a history written by a Tartar Khan, which has been translated into several European languages, and which contains scarce any thing else; a proof that ancient families are very common among those nations. In countries where a rich man can spend his revenue in no other way than by maintaining as many people as it can maintain, he is not apt to run out, and his benevolence it seems is seldom so violent as to attempt to maintain more than he can afford. But where he can spend the greatest revenue upon his own person, he frequently has

no bounds to his expence, becauſe he frequently has no bounds to his vanity, or to his affection for his own perſon. In commercial countries, therefore, riches, in ſpite of the moſt violent regulations of law to prevent their diſſipation, very ſeldom remain long in the ſame family. Among ſimple nations, on the contrary, they frequently do without any regulations of law: for among nations of ſhepherds, ſuch as the Tartars and Arabs, the conſumable nature of their property neceſſarily renders all ſuch regulations impoſſible.

A revolution of the greateſt importance to the public happineſs, was in this manner brought about by two different orders of people, who had not the leaſt intention to ſerve the public. To gratify the moſt childiſh vanity was the ſole motive of the great proprietors. The merchants and artificers, much leſs ridiculous, acted merely from a view to their own intereſt, and in purſuit of their own pedlar principle of turning a penny wherever a penny was to be got. Neither of them had either knowledge or foreſight of that great revolution which the folly of the one, and the induſtry of the other, was gradually bringing about.

It is thus that through the greater part of Europe the commerce and manufactures of cities, inſtead of being the effect, have been the cauſe and occaſion of the improvement and cultivation of the country.

This order, however, being contrary to the natural courſe of things, is neceſſarily both ſlow and uncertain. Compare the ſlow progreſs of

thoſe European countries of which the wealth depends very much upon their commerce and manufactures, with the rapid advances of our North American colonies, of which the wealth is founded altogether in agriculture. Through the greater part of Europe, the number of inhabitants is not ſuppoſed to double in leſs than five hundred years. In ſeveral of our North American colonies, it is found to double in twenty or five-and-twenty years. In Europe, the law of primogeniture, and perpetuities of different kinds, prevent the diviſion of great eſtates, and thereby hinder the multiplication of ſmall proprietors. A ſmall proprietor, however, who knows every part of his little territory, views it with all the affection which property, eſpecially ſmall property, naturally inſpires, and who upon that account takes pleaſure not only in cultivating but in adorning it, is generally of all improvers the moſt induſtrious, the moſt intelligent, and the moſt ſucceſsful. The ſame regulations, beſides, keep ſo much land out of the market, that there are always more capitals to buy than there is land to ſell, ſo that what is ſold always ſells at a monopoly price. The rent never pays the intereſt of the purchaſe-money, and is beſides burdened with repairs and other occaſional charges, to which the intereſt of money is not liable. To purchaſe land is every-where in Europe a moſt unprofitable employment of a ſmall capital. For the ſake of the ſuperior ſecurity, indeed, a man of moderate circumſtances, when he retires from buſineſs, will ſometimes chuſe to lay out

his little capital in land. A man of profeſſion too, whoſe revenue is derived from another ſource, often loves to ſecure his ſavings in the ſame way. But a young man, who, inſtead of applying to trade or to ſome profeſſion, ſhould employ a capital of two or three thouſand pounds in the purchaſe and cultivation of a ſmall piece of land, might indeed expect to live very happily, and very independently, but muſt bid adieu, for ever, to all hope of either great fortune or great illuſtration, which by a different employment of his ſtock he might have had the ſame chance of acquiring with other people. Such a perſon too, though he cannot aſpire at being a proprietor, will often diſdain to be a farmer. The ſmall quantity of land, therefore, which is brought to market, and the high price of what is brought thither, prevents a great number of capitals from being employed in its cultivation and improvement which would otherwiſe have taken that direction. In North America, on the contrary, fifty or ſixty pounds is often found a ſufficient ſtock to begin a plantation with. The purchaſe and improvement of uncultivated land, is there the moſt profitable employment of the ſmalleſt as well as of the greateſt capitals, and the moſt direct road to all the fortune and illuſtration which can be acquired in that country. Such land, indeed, is in North America to be had almoſt for nothing, or at a price much below the value of the natural produce; a thing impoſſible in Europe, or, indeed, in any country where all lands have long been private

private property. If landed eſtates, however, were divided equally among all the children, upon the death of any proprietor who left a numerous family, the eſtate would generally be ſold. So much land would come to market, that it could no longer ſell at a monopoly price. The free rent of the land would go nearer to pay the intereſt of the purchaſe-money, and a ſmall capital might be employed in purchaſing land as profitably as in any other way.

England, on account of the natural fertility of the ſoil, of the great extent of the ſea-coaſt in proportion to that of the whole country, and of the many navigable rivers which run through it, and afford the conveniency of water carriage to ſome of the moſt inland parts of it, is perhaps as well fitted by nature as any large country in Europe, to be the ſeat of foreign commerce, of manufactures for diſtant ſale, and of all the improvements which theſe can occaſion. From the beginning of the reign of Elizabeth too, the Engliſh legiſlature has been peculiarly attentive to the intereſts of commerce and manufactures, and in reality there is no country in Europe, Holland itſelf not excepted, of which the law is, upon the whole, more favourable to this ſort of induſtry. Commerce and manufactures have accordingly been continually advancing during all this period. The cultivation and improvement of the country has, no doubt, been gradually advancing too: But it ſeems to have followed ſlowly, and at a diſtance, the more rapid progreſs of commerce and manufactures. The greater

part of the country muſt probably have been cultivated before the reign of Elizabeth; and a very great part of it ſtill remains uncultivated, and the cultivation of the far greater part, much inferior to what it might be. The law of England, however, favours agriculture not only indirectly by the protection of commerce, but by ſeveral direct encouragements. Except in times of ſcarcity, the exportation of corn is not only free, but encouraged by a bounty. In times of moderate plenty, the importation of foreign corn is loaded with duties that amount to a prohibition. The importation of live cattle, except from Ireland, is prohibited at all times, and it is but of late that it was permitted from thence. Thoſe who cultivate the land, therefore, have a monopoly againſt their countrymen for the two greateſt and moſt important articles of land produce, bread and butcher's-meat. Theſe encouragements, though at bottom, perhaps, as I ſhall endeavour to ſhow hereafter, altogether illuſory, ſufficiently demonſtrate at leaſt the good intention of the legiſlature to favour agriculture. But what is of much more importance than all of them, the yeomanry of England are rendered as ſecure, as independent, and as reſpectable as law can make them. No country, therefore, in which the right of primogeniture takes place, which pays tithes, and where perpetuities, though contrary to the ſpirit of the law, are admitted in ſome caſes, can give more encouragement to agriculture than England. Such, however, notwithſtanding, is the ſtate of its cultivation.

What

What would it have been, had the law given no direct encouragement to agriculture besides what arises indirectly from the progress of commerce, and had left the yeomanry in the same condition as in most other countries of Europe? It is now more than two hundred years since the beginning of the reign of Elizabeth, a period as long as the course of human prosperity usually endures.

France seems to have had a considerable share of foreign commerce near a century before England was distinguished as a commercial country. The marine of France was considerable, according to the notions of the times, before the expedition of Charles the VIIIth to Naples. The cultivation and improvement of France, however, is upon the whole, inferior to that of England. The law of the country has never given the same direct encouragement to agriculture.

The foreign commerce of Spain and Portugal to the other parts of Europe, though chiefly carried on in foreign ships, is very considerable. That to their colonies is carried on in their own, and is much greater, on account of the great riches and extent of those colonies. But it has never introduced any considerable manufactures for distant sale into either of those countries, and the greater part of both still remains uncultivated. The foreign commerce of Portugal is of older standing that that of any great country in Europe, except Italy.

Italy is the only great country of Europe which seems to have been cultivated and im-

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proved in every part, by means of foreign commerce and manufactures for diſtant ſale. Before the invaſion of Charles the VIIIth, Italy, according to Guicciardin, was cultivated not leſs in the moſt mountainous and barren parts of the country, than in the plaineſt and moſt fertile. The advantageous ſituation of the country, and the great number of independent ſtates which at that time ſubſiſted in it, probably contributed not a little to this general cultivation. It is not impoſſible too, notwithſtanding this general expreſſion of one of the moſt judicious and reſerved of modern hiſtorians, that Italy was not at that time better cultivated than England is at preſent.

The capital, however, that is acquired to any country by commerce and manufactures, is all a very precarious and uncertain poſſeſſion, till ſome part of it has been ſecured and realized in the cultivation and improvement of its lands. A merchant, it has been ſaid very properly, is not neceſſarily the citizen of any particular country. It is in a great meaſure indifferent to him from what place he carries on his trade; and a very trifling diſguſt will make him remove his capital, and together with it all the induſtry which it ſupports, from one country to another. No part of it can be ſaid to belong to any particular country, till it has been ſpread as it were over the face of that country, either in buildings, or in the laſting improvement of lands. No veſtige now remains of the great wealth, ſaid to have been poſſeſſed by the greater part of the Hans towns, except

BOOK IV.

OF SYSTEMS OF POLITICAL ŒCONOMY.

INTRODUCTION.

BOOK IV. Introduct.

POLITICAL œconomy, considered as a branch of the science of a statesman or legislator, proposes two distinct objects: first, to provide a plentiful revenue or subsistence for the people, or, more properly, to enable them to provide such a revenue or subsistence for themselves; and secondly, to supply the state or commonwealth with a revenue sufficient for the public services. It proposes to enrich both the people and the sovereign.

The different progress of opulence in different ages and nations, has given occasion to two different systems of political œconomy, with regard to enriching the people. The one may be called the system of commerce, the other that of agriculture. I shall endeavour to explain both as fully and distinctly as I can, and shall begin with the system of commerce. It is the modern system, and is best understood in our own country and in our own times.

CHAP. I.

Of the Principle of the commercial, or mercantile System.

CHAP. I.

THAT wealth consists in money, or in gold and silver, is a popular notion which naturally arises from the double function of money, as the instrument of commerce, and as the measure of value. In consequence of its being the instrument of commerce, when we have money we can more readily obtain whatever else we have occasion for, than by means of any other commodity. The great affair, we always find, is to get money. When that is obtained, there is no difficulty in making any subsequent purchase. In consequence of its being the measure of value, we estimate that of all other commodities by the quantity of money which they will exchange for. We say of a rich man that he is worth a great deal, and of a poor man that he is worth very little money. A frugal man, or a man eager to be rich, is said to love money; and a careless, a generous, or a profuse man, is said to be indifferent about it. To grow rich is to get money; and wealth and money, in short, are, in common language, considered as in every respect synonymous.

A rich country, in the same manner as a rich man, is supposed to be a country abounding in money; and to heap up gold and silver in any country

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country is ſuppoſed to be the readieſt way to enrich it. For ſome time after the diſcovery of America, the firſt enquiry of the Spaniards, when they arrived upon any unknown coaſt, uſed to be, if there was any gold or ſilver to be found in the neighbourhood? By the information which they received, they judged whether it was worth while to make a ſettlement there, or if the country was worth the conquering. Plano Carpino, a monk, ſent ambaſſador from the King of France to one of the ſons of the famous Gengis Khan, ſays that the Tartars uſed frequently to aſk him, if there was plenty of ſheep and oxen in the kingdom of France? Their enquiry had the ſame object with that of the Spaniards. They wanted to know if the country was rich enough to be worth the conquering. Among the Tartars, as among all other nations of ſhepherds, who are generally ignorant of the uſe of money, cattle are the inſtruments of commerce and the meaſures of value. Wealth, therefore, according to them, conſiſted in cattle, as according to the Spaniards it conſiſted in gold and ſilver. Of the two, the Tartar notion, perhaps, was the neareſt to the truth.

Mr. Locke remarks a diſtinction between money and other moveable goods. All other moveable goods, he ſays, are of ſo conſumable a nature, that the wealth which conſiſts in them cannot be much depended on, and a nation which abounds in them one year may, without any exportation, but merely by their own waſte and extravagance, be in great want of them the next.

next. Money, on the contrary, is a ſteady friend, which, though it may travel about from hand to hand, yet if it can be kept from going out of the country, is not very liable to be waſted and conſumed. Gold and ſilver, therefore, are, according to him, the moſt ſolid and ſubſtantial part of the moveable wealth of a nation, and to multiply thoſe metals ought, he thinks, upon that account, to be the great object of its political œconomy.

Others admit, that if a nation could be ſeparated from all the world, it would be of no conſequence how much, or how little money circulated in it. The conſumable goods which were circulated by means of this money, would only be exchanged for a greater or a ſmaller number of pieces; but the real wealth or poverty of the country, they allow, would depend altogether upon the abundance or ſcarcity of thoſe conſumable goods. But it is otherwiſe, they think, with countries which have connections with foreign nations, and which are obliged to carry on foreign wars, and to maintain fleets and armies in diſtant countries. This, they ſay, cannot be done, but by ſending abroad money to pay them with; and a nation cannot ſend much money abroad, unleſs it has a good deal at home. Every ſuch nation, therefore, muſt endeavour in time of peace to accumulate gold and ſilver, that, when occaſion requires, it may have wherewithal to carry on foreign wars.

In conſequence of theſe popular notions, all the different nations of Europe have ſtudied, though to little purpoſe, every poſſible means of

BOOK IV. accumulating gold and ſilver in their reſpective countries. Spain and Portugal, the proprietors of the principal mines which ſupply Europe with thoſe metals, have either prohibited their exportation under the ſevereſt penalties, or ſubjected it to a conſiderable duty. The like prohibition ſeems anciently to have made a part of the policy of moſt other European nations. It is even to be found, where we ſhould leaſt of all expect to find it, in ſome old Scotch acts of parliament, which forbid, under heavy penalties, the carrying gold or ſilver *forth of the kingdom.* The like policy anciently took place both in France and England.

When thoſe countries became commercial, the merchants found this prohibition, upon many occaſions, extremely inconvenient. They could frequently buy more advantageouſly with gold and ſilver than with any other commodity, the foreign goods which they wanted, either to import into their own, or to carry to ſome other foreign country. They remonſtrated, therefore, againſt this prohibition as hurtful to trade.

They repreſented, firſt, that the exportation of gold and ſilver in order to purchaſe foreign goods, did not always diminiſh the quantity of thoſe metals in the kingdom. That, on the contrary, it might frequently increaſe that quantity; becauſe, if the conſumption of foreign goods was not thereby increaſed in the country, thoſe goods might be re-exported to foreign countries, and, being there ſold for a large profit, might bring back much more treaſure than

than was originally ſent out to purchaſe them. Mr. Mun compares this operation of foreign trade to the ſeed-time and harveſt of agriculture. "If we only behold," ſays he, "the actions of "the huſbandman in the ſeed time, when he "caſteth away much good corn into the ground, "we ſhall account him rather a madman than a "huſbandman. But when we conſider his "labours in the harveſt, which is the end of his "endeavours, we ſhall find the worth and plenti-"ful increaſe of his actions."

They repreſented, ſecondly, that this prohibition could not hinder the exportation of gold and ſilver, which, on account of the ſmallneſs of their bulk in proportion to their value, could eaſily be ſmuggled abroad. That this exportation could only be prevented by a proper attention to, what they called, the balance of trade. That when the country exported to a greater value than it imported, a balance became due to it from foreign nations, which was neceſſarily paid to it in gold and ſilver, and thereby increaſed the quantity of thoſe metals in the kingdom. But that when it imported to a greater value than it exported, a contrary balance became due to foreign nations, which was neceſſarily paid to them in the ſame manner, and thereby diminiſhed that quantity. That in this caſe, to prohibit the exportation of thoſe metals could not prevent it, but only by making it more dangerous, render it more expenſive. That the exchange was thereby turned more againſt the country which owed the balance, than it

otherwiſe

otherwiſe might have been; the merchant who purchaſed a bill upon the foreign country being obliged to pay the banker who ſold it, not only for the natural riſk, trouble, and expence of ſending the money thither, but for the extraordinary riſk ariſing from the prohibition. But that the more the exchange was againſt any country, the more the balance of trade became neceſſarily againſt it; the money of that country becoming neceſſarily of ſo much leſs value, in compariſon with that of the country to which the balance was due. That if the exchange between England and Holland, for example, was five per cent. againſt England, it would require a hundred and five ounces of ſilver in England to purchaſe a bill for a hundred ounces of ſilver in Holland: that a hundred and five ounces of ſilver in England, therefore, would be worth only a hundred ounces of ſilver in Holland, and would purchaſe only a proportionable quantity of Dutch goods; but that a hundred ounces of ſilver in Holland, on the contrary, would be worth a hundred and five ounces in England, and would purchaſe a proportionable quantity of Engliſh goods: that the Engliſh goods which were ſold to Holland would be ſold ſo much cheaper; and the Dutch goods which were ſold to England, ſo much dearer, by the difference of the exchange; that the one would draw ſo much leſs Dutch money to England, and the other ſo much more Engliſh money to Holland, as this difference amounted to: and that the balance of trade, therefore, would neceſſarily be

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ſo much more againſt England, and would require a greater balance of gold and ſilver to be exported to Holland.

Thoſe arguments were partly ſolid and partly ſophiſtical. They were ſolid ſo far as they aſſerted that the exportation of gold and ſilver in trade might frequently be advantageous to the country. They were ſolid too, in aſſerting that no prohibition could prevent their exportation, when private people found any advantage in exporting them. But they were ſophiſtical in ſuppoſing, that either to preſerve or to augment the quantity of thoſe metals required more the attention of government, than to preſerve or to augment the quantity of any other uſeful commodities, which the freedom of trade, without any ſuch attention, never fails to ſupply in the proper quantity. They were ſophiſtical too, perhaps, in aſſerting that the high price of exchange neceſſarily increaſed, what they called, the unfavourable balance of trade, or occaſioned the exportation of a greater quantity of gold and ſilver. That high price, indeed, was extremely diſadvantageous to the merchants who had any money to pay in foreign countries. They paid ſo much dearer for the bills which their bankers granted them upon thoſe countries. But though the riſk ariſing from the prohibition might occaſion ſome extraordinary expence to the bankers, it would not neceſſarily carry any more money out of the country. This expence would generally be all laid out in the country, in ſmuggling the money out of it, and could ſeldom occaſion

BOOK IV. the exportation of a ſingle ſix-pence beyond the preciſe ſum drawn for. The high price of exchange too would naturally diſpoſe the merchants to endeavour to make their exports nearly balance their imports, in order that they might have this high exchange to pay upon as ſmall a ſum as poſſible. The high price of exchange, beſides, muſt neceſſarily have operated as a tax, in raiſing the price of foreign goods, and thereby diminiſhing their conſumption. It would tend, therefore, not to increaſe, but to diminiſh, what they called, the unfavourable balance of trade, and conſequently the exportation of gold and ſilver.

Such as they were, however, thoſe arguments convinced the people to whom they were addreſſed. They were addreſſed by merchants to parliaments, and to the councils of princes, to nobles, and to country gentlemen; by thoſe who were ſuppoſed to underſtand trade, to thoſe who were conſcious to themſelves that they knew nothing about the matter. That foreign trade enriched the country, experience demonſtrated to the nobles and country gentlemen, as well as to the merchants; but how, or in what manner, none of them well knew. The merchants knew perfectly in what manner it enriched themſelves. It was their buſineſs to know it. But to know in what manner it enriched the country, was no part of their buſineſs. This ſubject never came into their conſideration, but when they had occaſion to apply to their country for ſome change in the laws relating to foreign trade. In then

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became neceſſary to ſay ſomething about the beneficial effects of foreign trade, and the manner in which thoſe effects were obſtructed by the laws as they then ſtood. To the judges who were to decide the buſineſs, it appeared a moſt ſatisfactory account of the matter, when they were told that foreign trade brought money into the country, but that the laws in queſtion hindered it from bringing ſo much as it otherwiſe would do. Thoſe arguments therefore produced the wiſhed-for effect. The prohibition of exporting gold and ſilver was in France and England confined to the coin of thoſe reſpective countries. The exportation of foreign coin and of bullion was made free. In Holland, and in ſome other places, this liberty was extended even to the coin of the country. The attention of government was turned away from guarding againſt the exportation of gold and ſilver, to watch over the balance of trade, as the only cauſe which could occaſion any augmentation or diminution of thoſe metals. From one fruitleſs care it was turned away to another care much more intricate, much more embarraſſing, and juſt equally fruitleſs. The title of Mun's book, England's Treaſure in Foreign Trade, became a fundamental maxim in the political œconomy, not of England only, but of all other commercial countries. The inland or home trade, the moſt important of all, the trade in which an equal capital affords the greateſt revenue, and creates the greateſt employment to the people of the country, was conſidered as ſubſidiary only to foreign trade. It

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neither brought money into the country, it was ſaid, nor carried any out of it. The country therefore could never become either richer or poorer by means of it, except ſo far as its proſperity or decay might indirectly influence the ſtate of foreign trade.

A country that has no mines of its own muſt undoubtedly draw its gold and ſilver from foreign countries, in the ſame manner as one that has no vineyards of its own muſt draw its wines. It does not ſeem neceſſary, however, that the attention of government ſhould be more turned towards the one than towards the other object. A country that has wherewithal to buy wine, will always get the wine which it has occaſion for; and a country that has wherewithal to buy gold and ſilver, will never be in want of thoſe metals. They are to be bought for a certain price like all other commodities, and as they are the price of all other commodities, ſo all other commodities are the price of thoſe metals. We truſt with perfect ſecurity that the freedom of trade, without any attention of government, will always ſupply us with the wine which we have occaſion for: and we may truſt with equal ſecurity that it will always ſupply us with all the gold and ſilver which we can afford to purchaſe or to employ, either in circulating our commodities, or in other uſes.

The quantity of every commodity which human induſtry can either purchaſe or produce, naturally regulates itſelf in every country according to the effectual demand, or according to the demand

demand of thoſe who are willing to pay the whole rent, labour and profits which muſt be paid in order to prepare and bring it to market. But no commodities regulate themſelves more eaſily or more exactly according to this effectual demand than gold and ſilver; becauſe, on account of the ſmall bulk and great value of thoſe metals, no commodities can be more eaſily tranſported from one place to another, from the places where they are cheap, to thoſe where they are dear, from the places where they exceed, to thoſe where they fall ſhort of this effectual demand. If there were in England, for example, an effectual demand for an additional quantity of gold, a packet-boat could bring from Liſhon, or from wherever elſe it was to be had, fifty tuns of gold, which could be coined into more than five millions of guineas. But if there were an effectual demand for grain to the ſame value, to import it would require, at five guineas a tun, a million of tuns of ſhipping, or a thouſand ſhips of a thouſand tuns each. The navy of England would not be ſufficient.

When the quantity of gold and ſilver imported into any country exceeds the effectual demand, no vigilance of government can prevent their exportation. All the ſanguinary laws of Spain and Portugal are not able to keep their gold and ſilver at home. The continual importations from Peru and Brazil exceed the effectual demand of thoſe countries, and ſink the price of thoſe metals there below that in the neighbouring countries. If, on the contrary, in any particular country their quantity fell ſhort of the effectual

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demand, ſo as to raiſe their price above that of the neighbouring countries, the government would have no occaſion to take any pains to import them. If it were even to take pains to prevent their importation, it would not be able to effectuate it. Thoſe metals, when the Spartans had got wherewithal to purchaſe them, broke through all the barriers which the laws of Lycurgus oppoſed to their entrance into Lacedemon. All the ſanguinary laws of the cuſtoms are not able to prevent the importation of the teas of the Dutch and Gottenburgh Eaſt India companies; becauſe ſomewhat cheaper than thoſe of the Britiſh company. A pound of tea, however, is about a hundred times the bulk of one of the higheſt prices, ſixteen ſhillings, that is commonly paid for it in ſilver, and more than two thouſand times the bulk of the ſame price in gold, and conſequently juſt ſo many times more difficult to ſmuggle.

It is partly owing to the eaſy tranſportation of gold and ſilver from the places where they abound to thoſe where they are wanted, that the price of thoſe metals does not fluctuate continually like that of the greater part of other commodities, which are hindered by their bulk from ſhifting their ſituation, when the market happens to be either over or under ſtocked with them. The price of thoſe metals, indeed, is not altogether exempted from variation, but the changes to which it is liable are generally ſlow, gradual, and uniform. In Europe, for example, it is ſuppoſed, without much foundation, perhaps, that,

that, during the courſe of the preſent and preceding century, they have been conſtantly, but gradually, ſinking in their value, on account of the continual importations from the Spaniſh Weſt Indies. But to make any ſudden change in the price of gold and ſilver, ſo as to raiſe or lower at once, ſenſibly and remarkably, the money price of all other commodities, requires ſuch a revolution in commerce as that occaſioned by the diſcovery of America.

If, notwithſtanding all this, gold and ſilver ſhould at any time fall ſhort in a country which has wherewithal to purchaſe them, there are more expedients for ſupplying their place, than that of almoſt any other commodity. If the materials of manufacture are wanted, induſtry muſt ſtop. If proviſions are wanted, the people muſt ſtarve. But if money is wanted, barter will ſupply its place, though with a good deal of inconveniency. Buying and ſelling upon credit, and the different dealers compenſating their credits with one another, once a month or once a year, will ſupply it with leſs inconveniency. A well-regulated paper money will ſupply it, not only without any inconveniency, but, in ſome caſes, with ſome advantages. Upon every account, therefore, the attention of government never was ſo unneceſſarily employed, as when directed to watch over the preſervation or increaſe of the quantity of money in any country.

No complaint, however, is more common than that of a ſcarcity of money. Money, like wine, muſt always be ſcarce with thoſe who have

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neither wherewithal to buy it, nor credit to borrow it. Thoſe who have either, will ſeldom be in want either of the money, or of the wine which they have occaſion for. This complaint, however, of the ſcarcity of money, is not always confined to improvident ſpendthrifts. It is ſometimes general through a whole mercantile town, and the country in its neighbourhood. Over-trading is the common cauſe of it. Sober men, whoſe projects have been diſproportioned to their capitals, are as likely to have neither wherewithal to buy money, nor credit to borrow it, as prodigals whoſe expence has been diſproportioned to their revenue. Before their projects can be brought to bear, their ſtock is gone, and their credit with it. They run about everywhere to borrow money, and every body tells them that they have none to lend. Even ſuch general complaints of the ſcarcity of money do not always prove that the uſual number of gold and ſilver pieces are not circulating in the country, but that many people want thoſe pieces who have nothing to give for them. When the profits of trade happen to be greater than ordinary, over-trading becomes a general error both among great and ſmall dealers. They do not always ſend more money abroad than uſual, but they buy upon credit both at home and abroad, an unuſual quantity of goods, which they ſend to ſome diſtant market, in hopes that the returns will come in before the demand for payment. The demand comes before the returns, and they have nothing at hand, with which they can either purchaſe

purchase money, or give solid security for borrowing. It is not any scarcity of gold and silver, but the difficulty which such people find in borrowing, and which their creditors find in getting payment, that occasions the general complaint of the scarcity of money.

It would be too ridiculous to go about seriously to prove, that wealth does not consist in money, or in gold and silver; but in what money purchases, and is valuable only for purchasing. Money, no doubt, makes always a part of the national capital; but it has already been shown that it generally makes but a small part, and always the most unprofitable part of it.

It is not because wealth consists more essentially in money than in goods, that the merchant finds it generally more easy to buy goods with money, than to buy money with goods; but because money is the known and established instrument of commerce, for which every thing is readily given in exchange, but which is not always with equal readiness to be got in exchange for every thing. The greater part of goods besides are more perishable than money, and he may frequently sustain a much greater loss by keeping them. When his goods are upon hand too, he is more liable to such demands for money as he may not be able to answer, than when he has got their price in his coffers. Over and above all this, his profit arises more directly from selling than from buying, and he is upon all these accounts generally much more anxious to exchange his goods for money, than his money

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money for goods. But though a particular merchant, with abundance of goods in his warehouse, may ſometimes be ruined by not being able to ſell them in time, a nation or country is not liable to the ſame accident. The whole capital of a merchant frequently conſiſts in periſhable goods deſtined for purchaſing money. But it is but a very ſmall part of the annual produce of the land and labour of a country which can ever be deſtined for purchaſing gold and ſilver from their neighbours. The far greater part is circulated and conſumed among themſelves; and even of the ſurplus which is ſent abroad, the greater part is generally deſtined for the purchaſe of other foreign goods. Though gold and ſilver, therefore, could not be had in exchange for the goods deſtined to purchaſe them, the nation would not be ruined. It might, indeed, ſuffer ſome loſs and inconveniency, and be forced upon ſome of thoſe expedients which are neceſſary for ſupplying the place of money. The annual produce of its land and labour, however, would be the ſame, or very nearly the ſame, as uſual, becauſe the ſame, or very nearly the ſame conſumable capital would be employed in maintaining it. And though goods do not always draw money ſo readily as money draws goods, in the long-run they draw it more neceſſarily than even it draws them. Goods can ſerve many other purpoſes beſides purchaſing money, but money can ſerve no other purpoſe beſides purchaſing goods. Money, therefore, neceſſarily runs after goods, but goods do not always or neceſſarily run after money.

money. The man who buys, does not always mean to ſell again, but frequently to uſe or to conſume; whereas he who ſells, always means to buy again. The one may frequently have done the whole, but the other can never have done more than the one-half of his buſineſs. It is not for its own ſake that men deſire money, but for the ſake of what they can purchaſe with it.

Conſumable commodities, it is ſaid, are ſoon deſtroyed; whereas gold and ſilver are of a more durable nature, and, were it not for this continual exportation, might be accumulated for ages together, to the incredible augmentation of the real wealth of the country. Nothing, therefore, it is pretended, can be more diſadvantageous to any country, than the trade which conſiſts in the exchange of ſuch laſting for ſuch periſhable commodities. We do not, however, reckon that trade diſadvantageous which conſiſts in the exchange of the hard-ware of England for the wines of France; and yet hard-ware is a very durable commodity, and were it not for this continual exportation, might too be accumulated for ages together, to the incredible augmentation of the pots and pans of the country. But it readily occurs that the number of ſuch utenſils is in every country neceſſarily limited by the uſe which there is for them; that it would be abſurd to have more pots and pans than were neceſſary for cooking the victuals uſually conſumed there; and that if the quantity of victuals were to increaſe, the number of pots and pans would readily increaſe along with it, a part of the increaſed

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creafed quantity of victuals being employed in purchafing them, or in maintaining an additional number of workmen whofe bufinefs it was to make them. It fhould as readily occur that the quantity of gold and filver is in every country limited by the ufe which there is for thofe metals; that their ufe confifts in circulating commodities as coin, and in affording a fpecies of houfhold furniture as plate; that the quantity of coin in every country is regulated by the value of the commodities which are to be circalated by it: increafe that value, and immediately a part of it will be fent abroad to purchafe, wherever it is to be had, the additional quantity of coin requifite for circulating them: that the quantity of plate is regulated by the number and wealth of thofe private families who chufe to indulge themfelves in that fort of magnificence: increafe the number and wealth of fuch families, and a part of this increafed wealth will moft probably be employed in purchafing, wherever it is to be found, an additional quantity of plate: that to attempt to increafe the wealth of any country, either by introducing or by detaining in it an unneceffary quantity of gold and filver, is as abfurd as it would be to attempt to increafe the good cheer of private families, by obliging them to keep an unneceffary number of kitchen utenfils. As the expence of purchafing thofe unneceffary utenfils would diminifh inftead of increafing either the quantity or goodnefs of the family provifions; fo the expence of purchafing an unneceffary quantity of gold and filver muft, in every country, as necef-

neceſſarily diminiſh the wealth which feeds, clothes, and lodges, which maintains and employs the people. Gold and ſilver, whether in the ſhape of coin or of plate, are utenſils, it muſt be remembered, as much as the furniture of the kitchen. Increaſe the uſe for them, increaſe the conſumable commodities which are to be circulated, managed, and prepared by means of them, and you will infallibly increaſe the quantity; but if you attempt, by extraordinary means, to increaſe the quantity, you will as infallibly diminiſh the uſe and even the quantity too, which in thoſe metals can never be greater than what the uſe requires. Were they ever to be accumulated beyond this quantity, their tranſportation is ſo eaſy, and the loſs which attends their lying idle and unemployed ſo great, that no law could prevent their being immediately ſent out of the country.

It is not always neceſſary to accumulate gold and ſilver, in order to enable a country to carry on foreign wars, and to maintain fleets and armies in diſtant countries. Fleets and armies are maintained, not with gold and ſilver, but with conſumable goods. The nation which, from the annual produce of its domeſtic induſtry, from the annual revenue ariſing out of its lands, labour, and conſumable ſtock, has wherewithal to purchaſe thoſe conſumable goods in diſtant countries, can maintain foreign wars there.

A nation may purchaſe the pay and proviſions of an army in a diſtant country three different ways; by ſending abroad either, firſt, ſome part

of

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of its accumulated gold and ſilver; or ſecondly, ſome part of the annual produce of its manufactures; or laſt of all, ſome part of its annual rude produce.

The gold and ſilver which can properly be conſidered as accumulated or ſtored up in any country, may be diſtinguiſhed into three parts; firſt, the circulating money; ſecondly, the plate of private families; and laſt of all, the money which may have been collected by many years parſimony, and laid up in the treaſury of the prince.

It can ſeldom happen that much can be ſpared from the circulating money of the country; becauſe in that there can ſeldom be much redundancy. The value of goods annually bought and ſold in any country requires a certain quantity of money to circulate and diſtribute them to their proper conſumers, and can give employment to no more. The channel of circulation neceſſarily draws to itſelf a ſum ſufficient to fill it, and never admits any more. Something, however, is generally withdrawn from this channel in the caſe of foreign war. By the great number of people who are maintained abroad, fewer are maintained at home. Fewer goods are circulated there, and leſs money becomes neceſſary to circulate them. An extraordinary quantity of paper money, of ſome ſort or other too, ſuch as exchequer notes, navy bills, and bank bills in England, is generally iſſued upon ſuch occaſions, and by ſupplying the place of circulating gold and ſilver, gives an opportunity of ſending a greater quantity of it abroad. All

this, however, could afford but a poor resource for maintaining a foreign war, of great expence and several years duration.

The melting down the plate of private families, has upon every occasion been found a still more insignificant one. The French, in the beginning of the last war, did not derive so much advantage from this expedient as to compensate the loss of the fashion.

The accumulated treasures of the prince have, in former times, afforded a much greater and more lasting resource. In the present times, if you except the King of Prussia, to accumulate treasure seems to be no part of the policy of European princes.

The funds which maintained the foreign wars of the present century, the most expensive perhaps which history records, seem to have had little dependency upon the exportation either of the circulating money, or of the plate of private families, or of the treasure of the prince. The last French war cost Great Britain upwards of ninety millions, including not only the seventy-five millions of new debt that was contracted, but the additional two shillings in the pound land tax, and what was annually borrowed of the sinking fund. More than two-thirds of this expence were laid out in distant countries; in Germany, Portugal, America, in the ports of the Mediterranean, in the East and West Indies. The Kings of England had no accumulated treasure. We never heard of any extraordinary quantity of plate being melted down. The circulating

culating gold and ſilver of the country had not been ſuppoſed to exceed eighteen millions. Since the late recoinage of the gold, however, it is believed to have been a good deal under-rated. Let us ſuppoſe, therefore, according to the moſt exaggerated computation which I remember to have either ſeen or heard of, that, gold and ſilver together, it amounted to thirty millions. Had the war been carried on, by means of our money, the whole of it muſt, even according to this computation, have been ſent out and returned again at leaſt twice, in a period of between ſix and ſeven years. Should this be ſuppoſed, it would afford the moſt deciſive argument to demonſtrate how neceſſary it is for government to watch over the preſervation of money, ſince upon this ſuppoſition the whole money of the country muſt have gone from it and returned to it again, two different times in ſo ſhort a period, without any body's knowing any thing of the matter. The channel of circulation, however, never appeared more empty than uſual during any part of this period. Few people wanted money who had wherewithal to pay for it. The profits of foreign trade, indeed, were greater than uſual during the whole war; but eſpecially towards the end of it. This occaſioned, what it always occaſions, a general over-trading in all the parts of Great Britain; and this again occaſioned the uſual complaint of the ſcarcity of money, which always follows over-trading. Many people wanted it, who had neither wherewithal to buy it, nor credit to borrow it; and becauſe the debtors

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found it difficult to borrow, the creditors found it difficult to get payment. Gold and ſilver, however, were generally to be had for their value, by thoſe who had that value to give for them.

The enormous expence of the late war, therefore, muſt have been chiefly defrayed, not by the exportation of gold and ſilver, but by that of Britiſh commodities of ſome kind or other. When the government, or thoſe who acted under them, contracted with a merchant for a remittance to ſome foreign country, he would naturally endeavour to pay his foreign correſpondent, upon whom he had granted a bill, by ſending abroad rather commodities than gold and ſilver. If the commodities of Great Britain were not in demand in that country, he would endeavour to ſend them to ſome other country, in which he could purchaſe a bill upon that country. The tranſportation of commodities, when properly ſuited to the market, is always attended with a conſiderable profit; whereas that of gold and ſilver is ſcarce ever attended with any. When thoſe metals are ſent abroad in order to purchaſe foreign commodities, the merchant's profit ariſes, not from the purchaſe, but from the ſale of the returns. But when they are ſent abroad merely to pay a debt, he gets no returns, and conſequently no profit. He naturally, therefore, exerts his invention to find out a way of paying his foreign debts, rather by the exportation of commodities than by that of gold and ſilver. The great quantity of Britiſh goods exported

 during

BOOK IV. during the course of the late war, without bringing back any returns, is accordingly remarked by the author of "The present State of the Nation."

Besides the three sorts of gold and silver above mentioned, there is in all great commercial countries a good deal of bullion alternately imported and exported for the purposes of foreign trade. This bullion, as it circulates among different commercial countries in the same manner as the national coin circulates in every particular country, may be considered as the money of the great mercantile republic. The national coin receives its movement and direction from the commodities circulated within the precincts of each particular country: the money of the mercantile republic, from those circulated between different countries. Both are employed in facilitating exchanges, the one between different individuals of the same, the other between those of different nations. Part of this money of the great mercantile republic may have been, and probably was, employed in carrying on the late war. In time of a general war, it is natural to suppose that a movement and direction should be impressed upon it, different from what it usually follows in profound peace; that it should circulate more about the seat of war, and be more employed in purchasing there, and in the neighbouring countries, the pay and provisions of the different armies. But whatever part of this money of the mercantile republic, Great Britain may have annually employed in this

manner,

manner, it muſt have been annually purchaſed, either with Britiſh commodities, or with ſomething elſe that had been purchaſed with them; which ſtill brings us back to commodities, to the annual produce of the land and labour of the country, as the ultimate reſources which enabled us to carry on the war. It is natural indeed to ſuppoſe, that ſo great an annual expence muſt have been defrayed from a great annual produce. The expence of 1761, for example, amounted to more than nineteen millions. No accumulation could have ſupported ſo great an annual profuſion. There is no annual produce even of gold and ſilver which could have ſupported it. The whole gold and ſilver annually imported into both Spain and Portugal, according to the beſt accounts, does not commonly much exceed ſix millions ſterling, which, in ſome years, would ſcarce have paid four months expence of the late war.

The commodities moſt proper for being tranſported to diſtant countries, in order to purchaſe there, either the pay and proviſions of an army, or ſome part of the money of the mercantile republic to be employed in purchaſing them, ſeem to be the finer and more improved manufactures; ſuch as contain a great value in a ſmall bulk, and can, therefore, be exported to a great diſtance at little expence. A country whoſe induſtry produces a great annual ſurplus of ſuch manufactures, which are uſually exported to foreign countries, may carry on for many years a very expenſive foreign war, without either

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exporting any considerable quantity of gold and silver, or even having any such quantity to export. A considerable part of the annual surplus of its manufactures must, indeed, in this case be exported, without bringing back any returns to the country, though it does to the merchant; the government purchasing of the merchant his bills upon foreign countries, in order to purchase there the pay and provisions of an army. Some part of this surplus, however, may still continue to bring back a return. The manufacturers, during the war, will have a double demand upon them, and be called upon, first, to work up goods to be sent abroad, for paying the bills drawn upon foreign countries for the pay and provisions of the army; and, secondly, to work up such as are necessary for purchasing the common returns that had usually been consumed in the country. In the midst of the most destructive foreign war, therefore, the greater part of manufactures may frequently flourish greatly; and, on the contrary, they may decline on the return of the peace. They may flourish amidst the ruin of their country, and begin to decay upon the return of its prosperity. The different state of many different branches of the British manufactures during the late war, and for some time after the peace, may serve as an illustration of what has been just now said.

No foreign war of great expence or duration could conveniently be carried on by the exportation of the rude produce of the soil. The expence of sending such a qnantity of it to a

foreign

foreign country as might purchaſe the pay and proviſions of an army, would be too great. Few countries too produce much more rude produce than what is ſufficient for the ſubſiſtence of their own inhabitants. To ſend abroad any great quantity of it, therefore, would be to ſend abroad a part of the neceſſary ſubſiſtence of the people. It is otherwiſe with the exportation of manufactures. The maintenance of the people employed in them is kept at home, and only the ſurplus part of their work is exported. Mr. Hume frequently takes notice of the inability of the ancient kings of England to carry on, without interruption, any foreign war of long duration. The Engliſh, in thoſe days, had nothing wherewithal to purchaſe the pay and proviſions of their armies in foreign countries, but either the rude produce of the ſoil, of which no conſiderable part could be ſpared from the home conſumption, or a few manufactures of the coarſeſt kind, of which, as well as of the rude produce, the tranſportation was too expenſive. This inability did not ariſe from the want of money, but of the finer and more improved manufactures. Buying and ſelling was tranſacted by means of money in England then, as well as now. The quantity of circulating money muſt have borne the ſame proportion to the number and value of purchaſes and ſales uſually tranſacted at that time, which it does to thoſe tranſacted at preſent; or rather it muſt have borne a greater proportion becauſe there was then no paper, which now occupies a great part of the employment of gold

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and silver. Among nations to whom commerce and manufactures are little known, the sovereign, upon extraordinary occasions, can seldom draw any considerable aid from his subjects, for reasons which shall be explained hereafter. It is in such countries, therefore, that he generally endeavours to accumulate a treasure, as the only resource against such emergencies. Independent of this necessity, he is in such a situation naturally disposed to the parsimony requisite for accumulation. In that simple state, the expence even of a sovereign is not directed by the vanity which delights in the gaudy finery of a court, but is employed in bounty to his tenants, and hospitality to his retainers. But bounty and hospitality very seldom lead to extravagance; though vanity almost always does. Every Tartar chief, accordingly, has a treasure. The treasures of Mazepa, chief of the Cossacs in the Ukraine, the famous ally of Charles the XIIth, are said to have been very great. The French kings of the Merovingian race had all treasures. When they divided their kingdom among their different children, they divided their treasure too. The Saxon princes, and the first kings after the conquest, seem likewise to have accumulated treasures. The first exploit of every new reign was commonly to seize the treasure of the preceding king, as the most essential measure for securing the succession. The sovereigns of improved and commercial countries are not under the same necessity of accumulating treasures, because they can generally draw from their subjects extraordinary

nary aids upon extraordinary occasions. They are likewise less disposed to do so. They naturally, perhaps necessarily, follow the mode of the times, and their expence comes to be regulated by the same extravagant vanity which directs that of all the other great proprietors in their dominions. The insignificant pageantry of their court becomes every day more brilliant, and the expence of it not only prevents accumulation, but frequently encroaches upon the funds destined for more necessary expences. What Dercyllidas said of the court of Persia, may be applied to that of several European princes, that he saw there much splendor but little strength, and many servants but few soldiers.

The importation of gold and silver is not the principal, much less the sole benefit which a nation derives from its foreign trade. Between whatever places foreign trade is carried on, they all of them derive two distinct benefits from it. It carries out that surplus part of the produce of their land and labour for which there is no demand among them, and brings back in return for it something else for which there is a demand. It gives a value to their superfluities, by exchanging them for something else, which may satisfy a part of their wants, and increase their enjoyments. By means of it, the narrowness of the home market does not hinder the division of labour in any particular branch of art or manufacture from being carried to the highest perfection. By opening a more extensive market for whatever part of the produce of their labour

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may exceed the home consumption, it encourages them to improve its productive powers, and to augment its annual produce to the utmost, and thereby to increase the real revenue and wealth of the society. These great and important services foreign trade is continually occupied in performing, to all the different countries between which it is carried on. They all derive great benefit from it, though that in which the merchant resides generally derives the greatest, as he is generally more employed in supplying the wants, and carrying out the superfluities of his own, than of any other particular country. To import the gold and silver which may be wanted, into the countries which have no mines, is, no doubt, a part of the business of foreign commerce. It is, however, a most insignificant part of it. A country which carried on foreign trade merely upon this account, could scarce have occasion to freight a ship in a century.

It is not by the importation of gold and silver, that the discovery of America has enriched Europe. By the abundance of the American mines, those metals have become cheaper. A service of plate can now be purchased for about a third part of the corn, or a third part of the labour, which it would have cost in the fifteenth century. With the same annual expence of labour and commodities, Europe can annually purchase about three times the quantity of plate which it could have purchased at that time. But when a commodity comes to be sold for a third part of what had been its usual price, not only

only those who purchase it before can purchase three times their former quantity, but it is brought down to the level of a much greater number of purchasers, perhaps to more than ten, perhaps to more than twenty times the former number. So that there may be in Europe at present not only more than three times, but more than twenty or thirty times the quantity of plate which would have been in it, even in its present state of improvement, had the discovery of the American mines never been made. So far Europe has, no doubt, gained a real conveniency, though surely a very trifling one. The cheapness of gold and silver render those metals rather less fit for the purposes of money than they were before. In order to make the same purchases, we must load ourselves with a greater quantity of them, and carry about a shilling in our pocket where a groat would have done before. It is difficult to say which is most trifling, this inconveniency, or the opposite conveniency. Neither the one nor the other could have made any very essential change in the state of Europe. The discovery of America, however, certainly made a most essential one. By opening a new and inexhaustible market to all the commodities of Europe, it gave occasion to new divisions of labour and improvements of art, which, in the narrow circle of the ancient commerce, could never have taken place for want of a market to take off the greater part of their produce. The productive powers of labour were improved, and its produce increased in all the different countries

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tries of Europe, and together with it the real revenue and wealth of the inhabitants. The commodities of Europe were almoſt all new to America, and many of thoſe of America were new to Europe. A new ſet of exchanges, therefore, began to take place which had never been thought of before, and which ſhould naturally have proved as advantageous to the new, as it certainly did to the old continent. The ſavage injuſtice of the Europeans rendered an event, which ought to have been beneficial to all, ruinous and deſtructive to ſeveral of thoſe unfortunate countries.

The diſcovery of a paſſage to the Eaſt Indies, by the Cape of Good Hope, which happened much about the ſame time, opened, perhaps, a ſtill more extenſive range to foreign commerce than even that of America, notwithſtanding the greater diſtance. There were but two nations in America, in any reſpect ſuperior to ſavages, and theſe were deſtroyed almoſt as ſoon as diſcovered. The reſt were mere ſavages. But the empires of China, Indoſtan, Japan, as well as ſeveral others in the Eaſt Indies, without having richer mines of gold or ſilver, were in every other reſpect much richer, better cultivated, and more advanced in all arts and manufactures than either Mexico or Peru, even though we ſhould credit, what plainly deſerves no credit, the exaggerated accounts of the Spaniſh writers, concerning the ancient ſtate of thoſe empires. But rich and civilized nations can always exchange to a much greater value with one another, than with

with ſavages and barbarians. Europe, however, has hitherto derived much leſs advantage from its commerce with the Eaſt Indies, than from that with America. The Portugueſe monopolized the Eaſt India trade to themſelves for about a century, and it was only indirectly and through them, that the other nations of Europe could either ſend out or receive any goods from that country. When the Dutch, in the beginning of the laſt century, began to encroach upon them, they veſted their whole Eaſt India commerce in an excluſive company. The Engliſh, French, Swedes, and Danes, have all followed their example, ſo that no great nation in Europe has ever yet had the benefit of a free commerce to the Eaſt Indies. No other reaſon need be aſſigned why it has never been ſo advantageous as the trade to America, which, between almoſt every nation of Europe and its own colonies, is free to all its ſubjects. The excluſive privileges of thoſe Eaſt India companies, their great riches, the great favour and protection which theſe have procured them from their reſpective governments, have excited much envy againſt them. This envy has frequently repreſented their trade as altogether pernicious, on account of the great quantities of ſilver, which it every year exports from the countries from which it is carried on. The parties concerned have replied, that their trade, by this continual exportation of ſilver, might, indeed, tend to impoveriſh Europe in general, but not the particular country from which it was carried on; becauſe, by the exportation

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ation a part of the returns to other European countries, it annually brought home a much greater quantity of that metal than it carried out. Both the objection and the reply are founded in the popular notion which I have been just now examining. It is, therefore, unnecessary to say any thing further about either. By the annual exportation of silver to the East Indies, plate is probably somewhat dearer in Europe than it otherwise might have been; and coined silver probably purchases a larger quantity both of labour and commodities. The former of these two effects is a very small loss, the latter a very small advantage; both too insignificant to deserve any part of the public attention. The trade to the East Indies, by opening a market to the commodities of Europe, or, what comes nearly to the same thing, to the gold and silver which is purchased with those commodities, must necessarily tend to increase the annual production of European commodities, and consequently the real wealth and revenue of Europe. That it has hitherto increased them so little, is probably owing to the restraints which it every-where labours under.

I thought it necessary, though at the hazard of being tedious, to examine at full length this popular notion that wealth consists in money, or in gold and silver. Money in common language, as I have already observed, frequently signifies wealth; and this ambiguity of expression has rendered this popular notion so familiar to us, that even they, who are convinced of its absurdity,

ſurdity, are very apt to forget their own principles, and in the courſe of their reaſonings to take it for granted as a certain and undeniable truth. Some of the beſt Engliſh writers upon commerce ſet out with obſerving, that the wealth of a country conſiſts, not in its gold and ſilver only, but in its lands, houſes, and conſumable goods of all different kinds. In the courſe of their reaſonings, however, the lands, houſes, and conſumable goods ſeem to ſlip out of their memory, and the ſtrain of their argument frequently ſuppoſes that all wealth conſiſts in gold and ſilver, and that to multiply thoſe metals is the great object of national induſtry and commerce.

The two principles being eſtabliſhed, however, that wealth conſiſted in gold and ſilver, and that thoſe metals could be brought into a country which had no mines only by the balance of trade, or by exporting to a greater value than it imported, it neceſſarily became the great object of political œconomy to diminiſh as much as poſſible the importation of foreign goods for home conſumption, and to increaſe as much as poſſible the exportation of the produce of domeſtic induſtry. Its two great engines for enriching the country, therefore, were reſtraints upon importation, and encouragements to exportation.

The reſtraints upon importation were of two kinds.

Firſt, Reſtraints upon the importation of ſuch foreign goods for home conſumption as

could be produced at home, from whatever country they were imported.

Secondly, Reſtraints upon the importation of goods of almoſt all kinds from thoſe particular countries with which the balance of trade was ſuppoſed to be diſadvantageous.

Thoſe different reſtraints conſiſted ſometimes in high duties, and ſometimes in abſolute prohibitions.

Exportation was encouraged ſometimes by drawbacks, ſometimes by bounties, ſometimes by advantageous treaties of commerce with foreign ſtates, and ſometimes by the eſtabliſhment of colonies in diſtant countries.

Drawbacks were given upon two different occaſions. When the home-manufactures were ſubject to any duty or exciſe, either the whole or a part of it was frequently drawn back upon their exportation; and when foreign goods liable to a duty were imported in order to be exported again, either the whole or a part of this duty was ſometimes given back upon ſuch exportation.

Bounties were given for the encouragement either of ſome beginning manufactures, or of ſuch ſorts of induſtry of other kinds as were ſuppoſed to deſerve particular favour.

By advantageous treaties of commerce, particular privileges were procured in ſome foreign ſtate for the goods and merchants of the country, beyond what were granted to thoſe of other countries.

By the eſtabliſhment of colonies in diſtant countries, not only particular privileges, but a monopoly

monopoly was frequently procured for the goods and merchants of the country which eſtabliſhed them.

The two ſorts of reſtraints upon importation above-mentioned, together with theſe four encouragements to exportation, conſtitute the ſix principal means by which the commercial ſyſtem propoſes to increaſe the quantity of gold and ſilver in any country by turning the balance of trade in its favour. I ſhall conſider each of them in a particular chapter, and without taking much further notice of their ſuppoſed tendency to bring money into the country, I ſhall examine chiefly what are likely to be the effects of each of them upon the annual produce of its induſtry. According as they tend either to increaſe or diminiſh the value of this annual produce, they muſt evidently tend either to increaſe or diminiſh the real wealth and revenue of the country.

CHAP.

CHAP. II.

Of Restraints upon the Importation from foreign Countries of such Goods as can be produced at Home.

BY restraining, either by high duties, or by absolute prohibitions, the importation of such goods from foreign countries as can be produced at home, the monopoly of the home-market is more or less secured to the domestic industry employed in producing them. Thus the prohibition of importing either live cattle or salt provisions from foreign countries secures to the graziers of Great Britain the monopoly of the home-market for butcher's-meat. The high duties upon the importation of corn, which in times of moderate plenty amount to a prohibition, give a like advantage to the growers of that commodity. The prohibition of the importation of foreign woollens is equally favourable the woollen manufactures. The silk manufacture, though altogether employed upon foreign materials, has lately obtained the same advantage. The linen manufacture has not yet obtained it, but is making great strides towards it. Many other sorts of manufactures have, in the same manner, obtained in Great Britain, either altogether, or very nearly a monopoly against their countrymen. The variety of goods of which the importation into Great Britain is prohibited, either

either abſolutely, or under certain circumſtances, greatly exceeds what can eaſily be ſuſpected by thoſe who are not well acquainted with the laws of the cuſtoms.

That this monopoly of the home-market frequently gives great encouragement to that particular ſpecies of induſtry which enjoys it, and frequently turns towards that employment a greater ſhare of both the labour and ſtock of the ſociety than would otherwiſe have gone to it, cannot be doubted. But whether it tends either to increaſe the general induſtry of the ſociety, or to give it the moſt advantageous direction, is not, perhaps, altogether ſo evident.

The general induſtry of the ſociety never can exceed what the capital of the ſociety can employ. As the number of workmen that can be kept in employment by any particular perſon muſt bear a certain proportion to his capital, ſo the number of thoſe that can be continually employed by all the members of a great ſociety, muſt bear a certain proportion to the whole capital of that ſociety, and never can exceed that proportion. No regulation of commerce can increaſe the quantity of induſtry in any ſociety beyond what its capital can maintain. It can only divert a part of it into a direction into which it might not otherwiſe have gone; and it is by no means certain that this artificial direction is likely to be more advantageous to the ſociety than that into which it would have gone of its own accord.

Every individual is continually exerting himſelf to find out the moſt advantageous employ-

ment for whatever capital he can command. It is his own advantage, indeed, and not that of the ſociety, which he has in view. But the ſtudy of his own advantage naturally, or rather neceſſarily leads him to prefer that employment which is moſt advantageous to the ſociety.

Firſt, every individual endeavours to employ his capital as near home as he can, and conſequently as much as he can in the ſupport of domeſtic induſtry; provided always that he can thereby obtain the ordinary, or not a great deal leſs than the ordinary profits of ſtock.

Thus, upon equal or nearly equal profits, every wholeſale merchant naturally prefers the home-trade to the foreign trade of conſumption, and the foreign trade of conſumption to the carrying trade. In the home-trade his capital is never ſo long out of his ſight as it frequently is in the foreign trade of conſumption. He can know better the character and ſituation of the perſons whom he truſts, and if he ſhould happen to be deceived, he knows better the laws of the country from which he muſt ſeek redreſs. In the carrying trade, the capital of the merchant is, as it were, divided between two foreign countries, and no part of it is ever neceſſarily brought home, or placed under his own immediate view and command. The capital which an Amſterdam merchant employs in carrying corn from Konnigſberg to Liſbon, and fruit and wine from Liſbon to Konnigſberg, muſt generally be the one-half of it at Konnigſberg and the other half at Liſbon. No part of it need ever

come

come to Amſterdam. The natural reſidence of ſuch a merchant ſhould either be at Konnigſberg or Liſbon, and it can only be ſome very particular circumſtances which can make him prefer the reſidence of Amſterdam. The uneaſineſs, however, which he feels at being ſeparated ſo far from his capital, generally determines him to bring part both of the Konnigſberg goods which he deſtines for the market of Liſbon, and of the Liſbon goods which he deſtines for that of Konnigſberg, to Amſterdam: and though this neceſſarily ſubjects him to a double charge of loading and unloading, as well as to the payment of ſome duties and cuſtoms, yet for the ſake of having ſome part of his capital always under his own view and command, he willingly ſubmits to this extraordinary charge; and it is in this manner that every country which has any conſiderable ſhare of the carrying trade, becomes always the emporium, or general market, for the goods of all the different countries whoſe trade it carries on. The merchant, in order to ſave a ſecond loading and unloading, endeavours always to ſell in the home-market as much of the goods of all thoſe different countries as he can, and thus, ſo far as he can, to convert his carrying trade into a foreign trade of conſumption. A merchant, in the ſame manner, who is engaged in the foreign trade of conſumption, when he collects goods for foreign markets, will always be glad, upon equal or nearly equal profits, to ſell as great a part of them at home as he can. He ſaves himſelf the riſk and trouble of exportation,

 when,

BOOK IV.

when, ſo far as he can, he thus converts his foreign trade of conſumption into a home-trade. Home is in this manner the center, if I may ſay ſo, round which the capitals of the inhabitants of every country are continually circulating, and towards which they are always tending, though by particular cauſes they may ſometimes be driven off and repelled from it towards more diſtant employments. But a capital employed in the home-trade, it has already been ſhown, neceſſarily puts into motion a greater quantity of domeſtic induſtry, and gives revenue and employment to a greater number of the inhabitants of the country, than an equal capital employed in the foreign trade of conſumption: and one employed in the foreign trade of conſumption has the ſame advantage over an equal capital employed in the carrying trade. Upon equal, or only nearly equal profits, therefore, every individual naturally inclines to employ his capital in the manner in which it is likely to afford the greateſt ſupport to domeſtic induſtry, and to give revenue and employment to the greateſt number of people of his own country.

Secondly, every individual who employs his capital in the ſupport of domeſtic induſtry, neceſſarily endeavours ſo to direct that induſtry, that its produce may be of the greateſt poſſible value.

The produce of induſtry is what it adds to the ſubject or materials upon which it is employed. In proportion as the value of this produce is great or ſmall, ſo will likewiſe be the profits of the employer. But it is only for the ſake of profit

that any man employs a capital in the ſupport of induſtry; and he will always, therefore, endeavour to employ it in the ſupport of that induſtry of which the produce is likely to be of the greateſt value, or to exchange for the greateſt quantity either of money or of other goods.

But the annual revenue of every ſociety is always preciſely equal to the exchangeable value of the whole annual produce of its induſtry, or rather is preciſely the ſame thing with that exchangeable value. As every individual, therefore, endeavours as much as he can both to employ his capital in the ſupport of domeſtic induſtry, and ſo to direct that induſtry that its produce may be of the greateſt value; every individual neceſſarily labours to render the annual revenue of the ſociety as great as he can. He generally, indeed, neither intends to promote the public intereſt, nor knows how much he is promoting it. By preferring the ſupport of domeſtic to that of foreign induſtry, he intends only his own ſecurity; and by directing that induſtry in ſuch a manner as its produce may be of the greateſt value, he intends only his own gain, and he is in this, as in many other caſes, led by an inviſible hand to promote an end which was no part of his intention. Nor is it always the worſe for the ſociety that it was no part of it. By purſuing his own intereſt he frequently promotes that of the ſociety more effectually than when he really intends to promote it. I have never known much good done by thoſe who affected to trade for the public good. It is an

affectation, indeed, not very common among merchants, and very few words need be employed in diſſuading them from it.

What is the ſpecies of domeſtic induſtry which his capital can employ, and of which the produce is likely to be of the greateſt value, every individual, it is evident, can, in his local ſituation, judge much better than any ſtateſman or lawgiver can do for him. The ſtateſman, who ſhould attempt to direct private people in what manner they ought to employ their capitals, would not only load himſelf with a moſt unneceſſary attention, but aſſume an authority which could ſafely be truſted, not only to no ſingle perſon, but to no council or ſenate whatever, and which would no-where be ſo dangerous as in the hands of a man who had folly and preſumption enough to fancy himſelf fit to exerciſe it.

To give the monopoly of the home-market to the produce of domeſtic induſtry, in any particular art or manufacture, is in ſome meaſure to direct private people in what manner they ought to employ their capitals, and muſt, in almoſt all caſes, be either a uſeleſs or a hurtful regulation. If the produce of domeſtic can be brought there as cheap as that of foreign induſtry, the regulation is evidently uſeleſs. If it cannot, it muſt generally be hurtful. It is the maxim of every prudent maſter of a family, never to attempt to make at home what it will coſt him more to make than to buy. The taylor does not attempt to make his own ſhoes, but buys them of the ſhoemaker. The ſhoemaker does not attempt to

make his own clothes, but employs a taylor. The farmer attempts to make neither the one nor the other, but employs thoſe different artificers. All of them find it for their intereſt to employ their whole induſtry in a way in which they have ſome advantage over their neighbours, and to purchaſe with a part of its produce, or what is the ſame thing, with the price of a part of it, whatever elſe they have occaſion for.

What is prudence in the conduct of every private family, can ſcarce be folly in that of a great kingdom. If a foreign country can ſupply us with a commodity cheaper than we ourſelves can make it, better buy it of them with ſome part of the produce of our own induſtry, employed in a way in which we have ſome advantage. The general induſtry of the country, being always in proportion to the capital which employs it, will not thereby be diminiſhed, no more than that of the above-mentioned artificers; but only left to find out the way in which it can be employed with the greateſt advantage. It is certainly not employed to the greateſt advantage, when it is thus directed towards an object which it can buy cheaper than it can make. The value of its annual produce is certainly more or leſs diminiſhed, when it is thus turned away from producing commodities evidently of more value than the commodity which it is directed to produce. According to the ſuppoſition, that commodity could be purchaſed from foreign countries cheaper than it can be made at home. It could, therefore, have been purchaſed with a part only

towards any ſuch employment a thirtieth, or even a three hundredth part more of either. Whether the advantages which one country has over another, be natural or acquired, is in this reſpect of no conſequence. As long as the one country has thoſe advantages, and the other wants them, it will always be more advantageous for the latter, rather to buy of the former than to make. It is an acquired advantage only, which one artificer has over his neighbour, who exerciſes another trade; and yet they both find it more advantageous to buy of one another, than to make what does not belong to their particular trades.

Merchants and manufacturers are the people who derive the greateſt advantage from this monopoly of the home-market. The prohibition of the importation of foreign cattle, and of ſalt proviſions, together with the high duties upon foreign corn, which in times of moderate plenty amount to a prohibition, are not near ſo advantageous to the graziers and farmers of Great Britain, as other regulations of the ſame kind are to its merchants and manufacturers. Manufactures, thoſe of the finer kind eſpecially, are more eaſily tranſported from one country to another than corn or cattle. It is in the fetching and carrying manufactures, accordingly, that foreign trade is chiefly employed. In manufactures, a very ſmall advantage will enable foreigners to underſell our own workmen, even in the home-market. It will require a very great one to enable them to do ſo in the rude produce

of

Fourthly, ſalt fiſh of all kinds, whale-fins, whale-bone, oil, and blubber, not caught by and cured on board Britiſh veſſels, when imported into Great Britain, are ſubjected to double aliens duty. The Dutch, as they are ſtill the principal, were then the only fiſhers in Europe that attempted to ſupply foreign nations with fiſh. By this regulation, a very heavy burden was laid upon their ſupplying Great Britain.

When the act of navigation was made, though England and Holland were not actually at war, the moſt violent animoſity ſubſiſted between the two nations. It had begun during the government of the Long parliament, which firſt framed this act, and it broke out ſoon after in the Dutch wars during that of the Protector and of Charles the Second. It is not impoſſible, therefore, that ſome of the regulations of this famous act may have proceeded from national animoſity. They are as wiſe, however, as if they had all been dictated by the moſt deliberate wiſdom. National animoſity at that particular time aimed at the very ſame object which the moſt deliberate wiſdom would have recommended, the diminution of the naval power of Holland, the only naval power which could endanger the ſecurity of England.

The act of navigation is not favourable to foreign commerce, or to the growth of that opulence which can ariſe from it. The intereſt of a nation in its commercial relations to foreign nations is, like that of a merchant with regard to the different people with whom he deals, to buy

as cheap and to ſell as dear as poſſible. But it will be moſt likely to buy cheap, when by the moſt perfect freedom of trade it encourages all nations to bring to it the goods which it has occaſion to purchaſe; and, for the ſame reaſon, it will be moſt likely to ſell dear, when its markets are thus filled with the greateſt number of buyers. The act of navigation, it is true, lays no burden upon foreign ſhips that come to export the produce of Britiſh induſtry. Even the ancient aliens duty, which uſed to be paid upon all goods exported as well as imported, has, by ſeveral ſubſequent acts, been taken off from the greater part of the articles of exportation. But if foreigners, either by prohibitions or high duties, are hindered from coming to ſell, they cannot always afford to come to buy; becauſe coming without a cargo, they muſt loſe the freight from their own country to Great Britain. By diminiſhing the number of ſellers, therefore, we neceſſarily diminiſh that of buyers, and are thus likely not only to buy foreign goods dearer, but to ſell our own cheaper, than if there was a more perfect freedom of trade. As defence, however, is of much more importance than opulence, the act of navigation is, perhaps, the wiſeſt of all the commercial regulations of England.

The ſecond caſe, in which it will generally be advantageous to lay ſome burden upon foreign for the encouragement of domeſtic induſtry, is, when ſome tax is impoſed at home upon the produce of the latter. In this caſe, it ſeems reaſon-

able that an equal tax ſhould be impoſed upon the like produce of the former. This would not give the monopoly of the home market to domeſtic induſtry, nor turn towards a particular employment a greater ſhare of the ſtock and labour of the country, than what would naturally go to it. It would only hinder any part of what would naturally go to it from being turned away by the tax, into a leſs natural direction, and would leave the competition between foreign and domeſtic induſtry, after the tax, as nearly as poſſible upon the ſame footing as before it. In Great Britain, when any ſuch tax is laid upon the produce of domeſtic induſtry, it is uſual at the ſame time, in order to ſtop the clamorous complaints of our merchants and manufacturers, that they will be underſold at home, to lay a much heavier duty upon the importation of all foreign goods of the ſame kind.

This ſecond limitation of the freedom of trade according to ſome people ſhould, upon ſome occaſions, be extended much farther than to the preciſe foreign commodities which could come into competition with thoſe which had been taxed at home. When the neceſſaries of life have been taxed in any country, it becomes proper, they pretend, to tax not only the like neceſſaries of life imported from other countries, but all ſorts of foreign goods which can come into competition with any thing that is the produce of domeſtic induſtry. Subſiſtence, they ſay, becomes neceſſarily dearer in conſequence

of

of ſuch taxes; and the price of labour muſt always riſe with the price of the labourers' ſubſiſtence. Every commodity, therefore, which is the produce of domeſtic induſtry, though not immediately taxed itſelf, becomes dearer in conſequence of ſuch taxes, becauſe the labour which produces it becomes ſo. Such taxes, therefore, are really equivalent, they ſay, to a tax upon every particular commodity produced at home. In order to put domeſtic upon the ſame footing with foreign induſtry, therefore, it becomes neceſſary, they think, to lay ſome duty upon every foreign commodity, equal to this enhancement of the price of the home commodities with which it can come into competition.

Whether taxes upon the neceſſaries of life, ſuch as thoſe in Great Britain upon ſoap, ſalt, leather, candles, &c. neceſſarily raiſe the price of labour, and conſequently that of all other commodities, I ſhall conſider hereafter, when I come to treat of taxes. Suppoſing, however, in the mean time, that they have this effect, and they have it undoubtedly, this general enhancement of the price of all commodities, in conſequence of that of labour, is a caſe which differs in the two following reſpects from that of a particular commodity, of which the price was enhanced by a particular tax immediately impoſed upon it.

First, it might always be known with great exactneſs how far the price of ſuch a commodity could be enhanced by ſuch a tax: but how far the general enhancement of the price of labour

might affect that of every different commodity about which labour was employed, could never be known with any tolerable exactness. It would be impossible, therefore, to proportion with any tolerable exactness the tax upon every foreign, to this enhancement of the price of every home commodity.

Secondly, taxes upon the necessaries of life have nearly the same effect upon the circumstances of the people as a poor soil and a bad climate. Provisions are thereby rendered dearer in the same manner as if it required extraordinary labour and expence to raise them. As in the natural scarcity arising from soil and climate, it would be absurd to direct the people in what manner they ought to employ their capitals and industry, so is it likewise in the artificial scarcity arising from such taxes. To be left to accommodate, as well as they could, their industry to their situation, and to find out those employments in which, notwithstanding their unfavourable circumstances, they might have some advantage either in the home or in the foreign market, is what in both cases would evidently be most for their advantage. To lay a new tax upon them, because they are already overburdened with taxes, and because they already pay too dear for the necessaries of life, to make them likewise pay too dear for the greater part of other commodities, is certainly a most absurd way of making amends.

Such taxes, when they have grown up to a certain height, are a curse equal to the barren-

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neſs of the earth and the inclemency of the heavens; and yet it is in the richeſt and moſt induſtrious countries that they have been moſt generally impoſed. No other countries could ſupport ſo great a diſorder. As the ſtrongeſt bodies only can live and enjoy health, under an unwholeſome regimen; ſo the nations only, that in every ſort of induſtry have the greateſt natural and acquired advantages, can ſubſiſt and proſper under ſuch taxes. Holland is the country in Europe in which they abound moſt, and which from peculiar circumſtances continues to proſper, not by means of them, as has been moſt abſurdly ſuppoſed, but in ſpite of them.

As there are two caſes in which it will generally be advantageous to lay ſome burden upon foreign, for the encouragement of domeſtic induſtry; ſo there are two others in which it may ſometimes be a matter of deliberation; in the one, how far it is proper to continue the free importation of certain foreign goods; and in the other, how far, or in what manner, it may be proper to reſtore that free importation after it has been for ſome time interrupted.

The caſe in which it may ſometimes be a matter of deliberation how far it is proper to continue the free importation of certain foreign goods, is, when ſome foreign nation reſtrains by high duties or prohibitions the importation of ſome of our manufactures into their country. Revenge in this caſe naturally dictates retaliation, and that we ſhould impoſe the like duties and prohibitions upon the importation of ſome

or all of their manufactures into ours. Nations accordingly ſeldom fail to retaliate in this manner. The French have been particularly forward to favour their own manufactures by reſtraining the importation of ſuch foreign goods as could come into competition with them. In this conſiſted a great part of the policy of Mr. Colbert, who, notwithſtanding his great abilities, ſeems in this caſe to have been impoſed upon by the ſophiſtry of merchants and manufacturers, who are always demanding a monopoly againſt their countrymen. It is at preſent the opinion of the moſt intelligent men in France that his operations of this kind have not been beneficial to his country. That miniſter, by the tarif of 1667, impoſed very high duties upon a great number of foreign manufactures. Upon his refuſing to moderate them in favour of the Dutch, they in 1671 prohibited the importation of the wines, brandies, and manufactures of France. The war of 1672 ſeems to have been in part occaſioned by this commercial diſpute. The peace of Nimeguen put an end to it in 1678, by moderating ſome of thoſe duties in favour of the Dutch, who in conſequence took off their prohibition. It was about the ſame time that the French and Engliſh began mutually to oppreſs each other's induſtry, by the like duties and prohibitions, of which the French, however, ſeem to have ſet the firſt example. The ſpirit of hoſtility which has ſubſiſted between the two nations ever ſince, has hitherto hindered them from being moderated on either ſide.

side. In 1697 the Engliſh prohibited the importation of bonelace, the manufacture of Flanders. The government of that country, at that time under the dominion of Spain, prohibited in return the importation of Engliſh woollens. In 1700, the prohibition of importing bonelace into England, was taken off upon condition that the importation of Engliſh woollens into Flanders ſhould be put on the ſame footing as before.

There may be good policy in retaliations of this kind, when there is a probability that they will procure the repeal of the high duties or prohibitions complained of. The recovery of a great foreign market will generally more than compenſate the tranſitory inconveniency of paying dearer during a ſhort time for ſome ſorts of goods. To judge whether ſuch retaliations are likely to produce ſuch an effect, does not, perhaps, belong ſo much to the ſcience of a legiſlator, whoſe deliberations ought to be governed by general principles which are always the ſame, as to the ſkill of that inſidious and crafty animal, vulgarly called a ſtateſman or politician, whoſe councils are directed by the momentary fluctuations of affairs. When there is no probability that any ſuch repeal can be procured, it ſeems a bad method of compenſating the injury done to certain claſſes of our people, to do another injury ourſelves, not only to thoſe claſſes, but to almoſt all the other claſſes of them. When our neighbours prohibit ſome manufacture of ours, we generally prohibit, not only the ſame, for that alone would ſeldom affect them conſiderably,

 but

but ſome other other manufacture of theirs. This may no doubt give encouragement to ſome particular claſs of workmen among ourſelves, and by excluding ſome of their rivals, may enable them to raiſe their price in the home-market. Thoſe workmen, however, who ſuffered by our neighbours' prohibition will not be benefitted by ours. On the contrary, they and almoſt all the other claſſes of our citizens will thereby be obliged to pay dearer than before for certain goods. Every ſuch law, therefore, impoſes a real tax upon the whole country, not in favour of that particular claſs of workmen who were injured by our neighbours' prohibition, but of ſome other claſs.

The caſe in which it may ſometimes be a matter of deliberation, how far, or in what manner, it is proper to reſtore the free importation of foreign goods, after it has been for ſome time interrupted, is, when particular manufactures, by means of high duties or prohibitions upon all foreign goods which can come into competition with them, have been ſo far extended as to employ a great multitude of hands. Humanity may in this caſe require that the freedom of trade ſhould be reſtored only by ſlow gradations, and with a good deal of reſerve and circumſpection. Were thoſe high duties and prohibitions taken away all at once, cheaper foreign goods of the ſame kind might be poured ſo faſt into the home market, as to deprive all at once many thouſands of our people of their ordinary employment and means of ſubſiſtence. The

diſorder

diſorder which this would occaſion might no doubt be very conſiderable. It would in all probability, however, be much leſs than is commonly imagined, for the two following reaſons:

Firſt, all thoſe manufactures, of which any part is commonly exported to other European countries without a bounty, could be very little affected by the freeſt importation of foreign goods. Such manufactures muſt be ſold as cheap abroad as any other foreign goods of the ſame quality and kind, and conſequently muſt be ſold cheaper at home. They would ſtill, therefore, keep poſſeſſion of the home market, and though a capricious man of faſhion might ſometimes prefer foreign wares, merely becauſe they were foreign, to cheaper and better goods of the ſame kind that were made at home, this folly could, from the nature of things, extend to ſo few, that it could make no ſenſible impreſſion upon the general employment of the people. But a great part of all the different branches of our woollen manufacture, of our tanned leather, and of our hard-ware, are annually exported to other European countries without any bounty, and theſe are the manufactures which employ the greateſt number of hands. The ſilk, perhaps, is the manufacture which would ſuffer the moſt by this freedom of trade, and after it the linen, though the latter much leſs than the former.

Secondly, though a great number of people ſhould, by thus reſtoring the freedom of trade, be thrown all at once out of their ordinary employment and common method of ſubſiſtence, it

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it would by no means follow that they would thereby be deprived either of employment or subsistence. By the reduction of the army and navy at the end of the late war, more than a hundred thousand soldiers and seamen, a number equal to what is employed in the greatest manufactures, were all at once thrown out of their ordinary employment; but, though they no doubt suffered some inconveniency, they were not thereby deprived of all employment and subsistence. The greater part of the seamen, it is probable, gradually betook themselves to the merchant-service as they could find occasion, and in the mean time both they and the soldiers were absorbed in the great mass of the people, and employed in a great variety of occupations. Not only no great convulsion, but no sensible disorder arose from so great a change in the situation of more than a hundred thousand men, all accustomed to the use of arms, and many of them to rapine and plunder. The number of vagrants was scarce any-where sensibly increased by it, even the wages of labour were not reduced by it in any occupation, so far as I have been able to learn, except in that of seamen in the merchant-service. But if we compare together the habits of a soldier and of any sort of manufacturer, we shall find that those of the latter do not tend so much to disqualify him from being employed in a new trade, as those of the former from being employed in any. The manufacturer has always been accustomed to look for his subsistence from his labour only: the soldier to expect it from his pay.

pay. Application and induſtry have been familiar to the one; idleneſs and diſſipation to the other. But it is ſurely much eaſier to change the direction of induſtry from one ſort of labour to another, than to turn idleneſs and diſſipation to any. To the greater part of manufactures beſides, it has already been obſerved, there are other collateral manufactures of ſo ſimilar a nature, that a workman can eaſily transfer his induſtry from one of them to another. The greater part of ſuch workmen too are occaſionally employed in country labour. The ſtock which employed them in a particular manufacture before, will ſtill remain in the country to employ an equal number of people in ſome other way. The capital of the country remaining the ſame, the demand for labour will likewiſe be the ſame, or very nearly the ſame, though it may be exerted in different places and for different occupations. Soldiers and ſeamen, indeed, when diſcharged from the King's ſervice, are at liberty to exerciſe any trade, within any town or place of Great Britain or Ireland. Let the ſame natural liberty of exerciſing what ſpecies of induſtry they pleaſe, be reſtored to all His Majeſty's ſubjects, in the ſame manner as to ſoldiers and ſeamen; that is, break down the excluſive privileges of corporations, and repeal the ſtatute of apprenticeſhip, both which are real encroachments upon natural liberty, and add to theſe the repeal of the law of ſettlements, ſo that a poor workman, when thrown out of employment either in one trade, or in one place, may ſeek for it in another

another trade or in another place, without the fear either of a profecution or of a removal, and neither the public nor the individuals will ſuffer much more from the occaſional diſbanding ſome particular claſſes of manufacturers, than from that of ſoldiers. Our manufacturers have no doubt great merit with their country, but they cannot have more than thoſe who defend it with their blood, nor deſerve to be treated with more delicacy.

To expect, indeed, that the freedom of trade ſhould ever be entirely reſtored in Great Britain, is as abſurd as to expect that an Oceana or Utopia ſhould ever be eſtabliſhed in it. Not only the prejudices of the public, but what is much more unconquerable, the private intereſts of many individuals, irreſiſtibly oppoſe it. Were the officers of the army to oppoſe with the ſame zeal and unanimity any reduction in the number of forces, with which maſter manufacturers ſet themſelves againſt every law that is likely to increaſe the number of their rivals in the home market; were the former to animate the ſoldiers, in the ſame manner as the latter enflame their workmen, to attack with violence and outrage the propoſers of any ſuch regulation; to attempt to reduce the army would be as dangerous as it has now become to attempt to diminiſh in any reſpect the monopoly which our manufacturers have obtained againſt us. This monopoly has ſo much increaſed the number of ſome particular tribes of them, that, like an over-grown ſtanding army, they have become formidable to the govern-

government, and upon many occaſions intimidate the legiſlature. The member of parliament who ſupports every propoſal for ſtrengthening this monopoly, is ſure to acquire not only the reputation of underſtanding trade, but great popularity and influence with an order of men whoſe numbers and wealth render them of great importance. If he oppoſes them, on the contrary, and ſtill more if he has authority enough to be able to thwart them, neither the moſt acknowledged probity, nor the higheſt rank, nor the greateſt public ſervices, can protect him from the moſt infamous abuſe and detraction, from perſonal inſults, nor ſometimes from real danger, ariſing from the inſolent outrage of furious and diſappointed monopoliſts.

The undertaker of a great manufacture, who, by the home markets being ſuddenly laid open to the competition of foreigners, ſhould be obliged to abandon his trade, would no doubt ſuffer very conſiderably. That part of his capital which had uſually been employed in purchaſing materials and in paying his workmen, might, without much difficulty, perhaps, find another employment. But that part of it which was fixed in workhouſes, and in the inſtruments of trade, could ſcarce be diſpoſed of without conſiderable loſs. The equitable regard, therefore, to his intereſt requires that changes of this kind ſhould never be introduced ſuddenly, but ſlowly, gradually, and after a very long warning. The legiſlature, were it poſſible that its deliberations could be always directed, not by the clamorous importunity

importunity of partial intereſts, but by an extenſive view of the general good, ought upon this very account, perhaps, to be particularly careful neither to eſtabliſh any new monopolies of this kind, nor to extend further thoſe which are already eſtabliſhed. Every ſuch regulation introduces ſome degree of real diſorder into the conſtitution of the ſtate, which it will be difficult afterwards to cure without occaſioning another diſorder.

How far it may be proper to impoſe taxes upon the importation of foreign goods, in order, not to prevent their importation, but to raiſe a revenue for government, I ſhall conſider hereafter when I come to treat of taxes. Taxes impoſed with a view to prevent, or even to diminiſh importation, are evidently as deſtructive of the revenue of the cuſtoms as of the freedom of trade.

CHAP. III.

Of the extraordinary Restraints upon the Importation of Goods of almost all Kinds, from those Countries with which the Balance is supposed to be disadvantageous.

PART I.

Of the Unreasonableness of those Restraints, even upon the Principles of the Commercial System.

CHAP. III.

TO lay extraordinary restraints upon the importation of goods of almost all kinds, from those particular countries with which the balance of trade is supposed to be disadvantageous, is the second expedient by which the commercial system proposes to increase the quantity of gold and silver. Thus in Great Britain, Silesia lawns may be imported for home consumption, upon paying certain duties. But French cambrics and lawns are prohibited to be imported, except into the port of London, there to be warehoused for exportation. Higher duties are imposed upon the wines of France than upon those of Portugal, or indeed of any other country. By what is called the impost 1692, a duty of five and twenty per cent., of the rate or value, was laid upon all French goods; while the goods of other nations were, the greater part of them, subjected to much lighter duties, seldom exceed-

ing five per cent. The wine, brandy, ſalt and vinegar of France were indeed excepted; theſe commodities being ſubjected to other heavy duties, either by other laws, or by particular clauſes of the ſame law. In 1696, a ſecond duty of twenty-five per cent., the firſt not having been thought a ſufficient diſcouragement, was impoſed upon all French goods, except brandy; together with a new duty of five and twenty pounds upon the ton of French wine, and another of fifteen pounds upon the ton of French vinegar. French goods have never been omitted in any of thoſe general ſubſidies, or duties of five per cent., which have been impoſed upon all, or the greater part of the goods enumerated in the book of rates. If we count the one third and two third ſubſidies as making a complete ſubſidy between them, there have been five of theſe general ſubſidies; ſo that before the commencement of the preſent war ſeventy-five per cent. may be conſidered as the loweſt duty, to which the greater part of the goods of the growth, produce, or manufacture of France were liable. But upon the greater part of goods, thoſe duties are equivalent to a prohibition. The French in their turn have, I believe, treated our goods and manufactures juſt as hardly; though I am not ſo well acquainted with the particular hardſhips which they have impoſed upon them. Thoſe mutual reſtraints have put an end to almoſt all fair commerce between the two nations, and ſmugglers are now the principal importers, either of Britiſh goods into France, or of French goods into

into Great Britain. The principles which I have been examining in the foregoing chapter took their origin from private intereſt and the ſpirit of monopoly; thoſe which I am going to examine in this, from national prejudice and animoſity. They are, accordingly, as might well be expected, ſtill more unreaſonable. They are ſo, even upon the principles of the commercial ſyſtem.

Firſt, though it were certain that in the caſe of a free trade between France and England, for example, the balance would be in favour of France, it would by no means follow that ſuch a trade would be diſadvantageous to England, or that the general balance of its whole trade would thereby be turned more againſt it. If the wines of France are better and cheaper than thoſe of Portugal, or its linens than thoſe of Germany, it would be more advantageous for Great Britain to purchaſe both the wine and the foreign linen which it had occaſion for of France, than of Portugal and Germany. Though the value of the annual importations from France would thereby be greatly augmented, the value of the whole annual importations would be diminiſhed, in proportion as the French goods of the ſame quality were cheaper than thoſe of the other two countries. This would be the caſe, even upon the ſuppoſition that the whole French goods imported were to be conſumed in Great Britain.

But, ſecondly, a great part of them might be re-exported to other countries, where, being ſold with profit, they might bring back a return equal

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in value, perhaps, to the prime coſt of the whole French goods imported. What has frequently been ſaid of the Eaſt India trade might poſſibly be true of the French; that though the greater part of Eaſt India goods were bought with gold and ſilver, the re-exportation of a part of them to other countries, brought back more gold and ſilver to that which carried on the trade than the prime coſt of the whole amounted to. One of the moſt important branches of the Dutch trade, at preſent, conſiſts in the carriage of French goods to other European countries. Some part even of the French wine drank in Great Britain is clandeſtinely imported from Holland and Zealand. If there was either a free trade between France and England, or if French goods could be imported upon paying only the ſame duties as thoſe of other European nations, to be drawn back upon exportation, England might have ſome ſhare of a trade which is found ſo advantageous to Holland.

Thirdly, and laſtly, there is no certain criterion by which we can determine on which ſide what is called the balance between any two countries lies, or which of them exports to the greateſt value. National prejudice and animoſity, prompted always by the private intereſt of particular traders, are the principles which generally direct our judgment upon all queſtions concerning it. There are two criterions, however, which have frequently been appealed to upon ſuch occaſions, the cuſtom-houſe books and the courſe of exchange. The cuſtom-houſe books,

I think, it is now generally acknowledged, are a very uncertain criterion, on account of the inaccuracy of the valuation at which the greater part of goods are rated in them. The course of exchange is, perhaps, almost equally so.

When the exchange between two places, such as London and Paris, is at par, it is said to be a sign that the debts due from London to Paris are compensated by those due from Paris to London. On the contrary, when a premium is paid at London for a bill upon Paris, it is said to be a sign that the debts due from London to Paris are not compensated by those due from Paris to London, but that a balance in money must be sent out from the latter place; for the risk, trouble, and expence of exporting which, the premium is both demanded and given. But the ordinary state of debt and credit between those two cities must necessarily be regulated, it is said, by the ordinary course of their dealings with one another. When neither of them imports from the other to a greater amount than it exports to that other, the debts and credits of each may compensate one another. But when one of them imports from the other to a greater value than it exports to that other, the former necessarily becomes indebted to the latter in a greater sum than the latter becomes indebted to it: the debts and credits of each do not compensate one another, and money must be sent out from that place of which the debts over-balance the credits. The ordinary course of exchange, therefore, being an indication of the ordinary

ſtate of debt and credit between two places, muſt likewiſe be an indication of the ordinary courſe of their exports and imports, as theſe neceſſarily regulate that ſtate.

But though the ordinary courſe of exchange ſhould be allowed to be a ſufficient indication of the ordinary ſtate of debt and credit between any two places, it would not from thence follow, that the balance of trade was in favour of that place which had the ordinary ſtate of debt and credit in its favour. The ordinary ſtate of debt and credit between any two places is not always entirely regulated by the ordinary courſe of their dealings with one another; but is often influenced by that of the dealings of either with many other places. If it is uſual, for example, for the merchants of England to pay for the goods which they buy of Hamburgh, Dantzic, Riga, &c. by bills upon Holland, the ordinary ſtate of debt and credit between England and Holland will not be regulated entirely by the ordinary courſe of the dealings of thoſe two countries with one another, but will be influenced by that of the dealings of England with thoſe other places. England may be obliged to ſend out every year money to Holland, though its annual exports to that country may exceed very much the annual value of its imports from thence; and though what is called the balance of trade may be very much in favour of England.

In the way, beſides, in which the par of exchange has hitherto been computed, the ordinary courſe of exchange can afford no ſufficient indication

cation that the ordinary ſtate of debt and credit is in favour of that country which ſeems to have, or which is ſuppoſed to have, the ordinary courſe of exchange in its favour: or, in other words, the real exchange may be, and, in fact, often is ſo very different from the computed one, that from the courſe of the latter, no certain concluſion can, upon many occaſions, be drawn concerning that of the former.

When for a ſum of money paid in England, containing, according to the ſtandard of the Engliſh mint, a certain number of ounces of pure ſilver, you receive a bill for a ſum of money to be paid in France, containing, according to the ſtandard of the French mint, an equal number of ounces of pure ſilver, exchange is ſaid to be at par between England and France. When you pay more, you are ſuppoſed to give a premium, and exchange is ſaid to be againſt England, and in favour of France. When you pay leſs, you are ſuppoſed to get a premium, and exchange is ſaid to be againſt France, and in favour of England.

But, firſt, we cannot always judge of the value of the current money of different countries by the ſtandard of their reſpective mints. In ſome it is more, in others it is leſs worn, clipt, and otherwiſe degenerated from that ſtandard. But the value of the current coin of every country, compared with that of any other country, is in proportion, not to the quantity of pure ſilver which it ought to contain, but to that which it actually does contain. Before the reformation of

the ſilver coin in King William's time, exchange between England and Holland, computed, in the uſual manner, according to the ſtandard of their reſpective mints, was five and twenty per cent. againſt England. But the value of the current coin of England, as we learn from Mr. Lowndes, was at that time rather more than five and twenty per cent. below its ſtandard value. The real exchange, therefore, may even at that time have been in favour of England, notwithſtanding the computed exchange was ſo much againſt it; a ſmaller number of ounces of pure ſilver, actually paid in England, may have purchaſed a bill for a greater number of ounces of pure ſilver to be paid in Holland, and the man who was ſuppoſed to give, may in reality have got the premium. The French coin was, before the late reformation of the Engliſh gold coin, much leſs worn than the Engliſh, and was, perhaps, two or three per cent. nearer its ſtandard. If the computed exchange with France, therefore, was not more than two or three per cent. againſt England, the real exchange might have been in its favour. Since the reformation of the gold coin, the exchange has been conſtantly in favour of England, and againſt France.

Secondly, in ſome countries, the expence of coinage is defrayed by the government; in others, it is defrayed by the private people, who carry their bullion to the mint, and the government even derives ſome revenue from the coinage. In England it is defrayed by the government, and if you carry a pound weight of ſtandard ſilver to the

the mint, you get back ſixty-two ſhillings, containing a pound weight of the like ſtandard ſilver. In France, a duty of eight per cent. is deducted for the coinage, which not only defrays the expence of it, but affords a ſmall revenue to the government. In England, as the coinage coſts nothing, the current coin can never be much more valuable than the quantity of bullion which it actually contains. In France, the workmanſhip, as you pay for it, adds to the value, in the ſame manner as to that of wrought plate. A ſum of French money, therefore, containing a certain weight of pure ſilver, is more valuable than a ſum of Engliſh money containing an equal weight of pure ſilver, and muſt require more bullion, or other commodities, to purchaſe it. Though the current coin of the two countries, therefore, were equally near the ſtandards of their reſpective mints, a ſum of Engliſh money could not well purchaſe a ſum of French money, containing an equal number of ounces of pure ſilver, nor conſequently a bill upon France for ſuch a ſum. If for ſuch a bill no more additional money was paid than what was ſufficient to compenſate the expence of the French coinage, the real exchange might be at par between the two countries, their debts and credits might mutually compenſate one another, while the computed exchange was conſiderably in favour of France. If leſs than this was paid, the real exchange might be in favour of England, while the computed was in favour of France.

Thirdly,

Thirdly, and laſtly, in ſome places, as at Amſterdam, Hamburgh, Venice, &c. foreign bills of exchange are paid in what they call bank money; while in others, as at London, Liſbon, Antwerp, Leghorn, &c. they are paid in the common currency of the country. What is called bank money is always of more value than the ſame nominal ſum of common currency. A thouſand guilders in the bank of Amſterdam, for example, are of more value than a thouſand guilders of Amſterdam currency. The difference between them is called the agio of the bank, which, at Amſterdam, is generally about five per cent. Suppoſing the current money of the two countries equally near to the ſtandard of their reſpective mints, and that the one pays foreign bills in this common currency, while the other pays them in bank money, it is evident that the computed exchange may be in favour of that which pays in bank money, though the real exchange ſhould be in favour of that which pays in current money; for the ſame reaſon that the computed exchange may be in favour of that which pays in better money, or in money nearer to its own ſtandard, though the real exchange ſhould be in favour of that which pays in worſe. The computed exchange, before the late reformation of the gold coin, was generally againſt London with Amſterdam, Hamburgh, Venice, and, I believe, with all other places which pay in what is called bank money. It will by no means follow, however, that the real exchange was againſt it. Since the reformation of the gold

coin,

coin, it has been in favour of London even with those places. The computed exchange has generally been in favour of London with Lisbon, Antwerp, Leghorn, and, if you except France, I believe, with most other parts of Europe that pay in common currency; and it is not improbable that the real exchange was so too.

Digression concerning Banks of Deposit, particularly concerning that of Amsterdam.

THE currency of a great state, such as France or England, generally consists almost entirely of its own coin. Should this currency, therefore, be at any time worn, clipt, or otherwise degraded below its standard value, the state by a reformation of its coin can effectually re-establish its currency. But the currency of a small state, such as Genoa or Hamburgh, can seldom consist altogether in its own coin, but must be made up, in a great measure, of the coins of all the neighbouring states with which its inhabitants have a continual intercourse. Such a state, therefore, by reforming its coin, will not always be able to reform its currency. If foreign bills of exchange are paid in this currency, the uncertain value of any sum, of what is in its own nature so uncertain, must render the exchange always very much against such a state, its currency being, in all foreign states, necessarily valued even below what it is worth.

In

In order to remedy the inconvenience to which this disadvantageous exchange must have subjected their merchants, such small states, when they began to attend to the interest of trade, have frequently enacted, that foreign bills of exchange of a certain value should be paid, not in common currency, but by an order upon, or by a transfer in the books of a certain bank, established upon the credit, and under the protection of the state; this bank being always obliged to pay, in good and true money, exactly according to the standard of the state. The banks of Venice, Genoa, Amsterdam, Hamburgh, and Nuremberg, seem to have been all originally established with this view, though some of them may have afterwards been made subservient to other purposes. The money of such banks being better than the common currency of the country, necessarily bore an agio, which was greater or smaller, according as the currency was supposed to be more or less degraded below the standard of the state. The agio of the bank of Hamburgh, for example, which is said to be commonly about fourteen per cent. is the supposed difference between the good standard money of the state, and the clipt, worn, and diminished currency poured into it from all the neighbouring states.

Before 1609 the great quantity of clipt and worn foreign coin, which the extensive trade of Amsterdam brought from all parts of Europe, reduced the value of its currency about nine per cent. below that of good money fresh from the

the mint. Such money no ſooner appeared than it was melted down or carried away, as it always is in ſuch circumſtances. The merchants, with plenty of currency, could not always find a ſufficient quantity of good money to pay their bills of exchange; and the value of thoſe bills, in ſpite of ſeveral regulations which were made to prevent it, became in a great meaſure uncertain.

In order to remedy theſe inconveniencies, a bank was eſtabliſhed in 1609 under the guarantee of the city. This bank received both foreign coin, and the light and worn coin of the country at its real intrinſic value in the good ſtandard money of the country, deducting only ſo much as was neceſſary for defraying the expence of coinage, and the other neceſſary expence of management. For the value which remained, after this ſmall deduction was made, it gave a credit in its books. This credit was called bank money, which, as it repreſented money exactly according to the ſtandard of the mint, was always of the ſame real value, and intrinſically worth more than current money. It was at the ſame time enacted, that all bills drawn upon or negotiated at Amſterdam of the value of ſix hundred guilders and upwards ſhould be paid in bank money, which at once took away all uncertainty in the value of thoſe bills. Every merchant, in conſequence of this regulation, was obliged to keep an account with the bank in order to pay his foreign bills of exchange, which neceſſarily occaſioned a certain demand for bank money.

Bank

Bank money, over and above both its intrinſic ſuperiority to currency, and the additional value which this demand neceſſarily gives it, has likewiſe ſome other advantages. It is ſecure from fire, robbery, and other accidents; the city of Amſterdam is bound for it; it can be paid away by a ſimple transfer, without the trouble of counting, or the riſk of tranſporting it from one place to another. In conſequence of thoſe different advantages, it ſeems from the beginning to have borne an agio, and it is generally believed that all the money originally depoſited in the bank was allowed to remain there, nobody caring to demand payment of a debt which he could ſell for a premium in the market. By demanding payment of the bank, the owner of a bank credit would loſe this premium. As a ſhilling freſh from the mint will buy no more goods in the market than one of our common worn ſhillings, ſo the good and true money which might be brought from the coffers of the bank into thoſe of a private perſon, being mixed and confounded with the common currency of the country, would be of no more value than that currency, from which it could no longer be readily diſtinguiſhed. While it remained in the coffers of the bank, its ſuperiority was known and aſcertained. When it had come into thoſe of a private perſon, its ſuperiority could not well be aſcertained without more trouble than perhaps the difference was worth. By being brought from the coffers of the bank, beſides, it loſt all the other advantages of bank money; its ſecurity,

rity, its easy and safe transferability, its use in paying foreign bills of exchange. Over and above all this, it could not be brought from those coffers, as it will appear by and by, without previously paying for the keeping.

Those deposits of coin, or those deposits which the bank was bound to restore in coin, constituted the original capital of the bank, or the whole value of what was represented by what is called bank money. At present they are supposed to constitute but a very small part of it. In order to facilitate the trade in bullion, the bank has been for these many years in the practice of giving credit in its books upon deposits of gold and silver bullion. This credit is generally about five per cent. below the mint price of such bullion. The bank grants at the same time what is called a recipice or receipt, intitling the person who makes the deposit, or the bearer, to take out the bullion again at any time within six months, upon retransferring to the bank a quantity of bank money equal to that for which credit had been given in its books when the deposit was made, and upon paying one-fourth per cent. for the keeping, if the deposit was in silver; and one-half per cent. if it was in gold; but at the same time declaring, that in default of such payment, and upon the expiration of this term, the deposit should belong to the bank at the price at which it had been received, or for which credit had been given in the transfer books. What is thus paid for the keeping of the deposit may be considered as a sort of ware-

houſe rent; and why this warehouſe rent ſhould be ſo much dearer for gold than for ſilver, ſeveral different reaſons have been aſſigned. The fineneſs of gold, it has been ſaid, is more difficult to be aſcertained than that of ſilver. Frauds are more eaſily practiſed, and occaſion a greater loſs in the more precious metal. Silver, beſides, being the ſtandard metal, the ſtate, it has been ſaid, wiſhes to encourage more the making of depoſits of ſilver than thoſe of gold.

Depoſits of bullion are moſt commonly made when the price is ſomewhat lower than ordinary; and they are taken out again when it happens to riſe. In Holland the market price of bullion is generally above the mint price, for the ſame reaſon that it was ſo in England before the late reformation of the gold coin. The difference is ſaid to be commonly from about ſix to ſixteen ſtivers upon the mark, or eight ounces of ſilver of eleven parts fine, and one part alloy. The bank price, or the credit which the bank gives for depoſits of ſuch ſilver (when made in foreign coin, of which the fineneſs is well known and aſcertained, ſuch as Mexico dollars), is twenty-two guilders the mark; the mint price is about twenty-three guilders, and the market price is from twenty-three guilders ſix, to twenty-three guilders ſixteen ſtivers, or from two to three per cent. above the mint price *. The proportions

* The following are the prices at which the bank of Amſterdam at preſent (September, 1775) receives bullion and coin of different kinds:

SIL-

tions between the bank price, the mint price, and the market price of gold bullion, are nearly the same. A person can generally sell his receipt for the difference between the mint price of bullion and the market price. A receipt for bullion is almost always worth something, and it very seldom happens, therefore, that any body suffers his receipt to expire, or allows his bullion to fall to the bank at the price at which it had been received, either by not taking it out before the end of the six months, or by neglecting to pay the one-fourth or one-half per cent. in order to obtain a new receipt for another six months. This, however, though it happens seldom, is said to happen sometimes, and more frequently

SILVER.

Mexico dollars French crowns English silver coin	B—22 per mark.	Guilders.
Mexico dollars new coin		21 10
Ducatoons		3
Rix dollars		2 8

Bar silver containing $\frac{11}{12}$ fine silver 21 per mark, and in this proportion down to $\frac{1}{4}$ fine, on which 5 guilders are given.

Fine bars, 23 per mark.

GOLD.

Portugal coin Guineas Louis d'ors new	B—310 per mark.
Ditto old	300
New ducats	4 19 8 per ducat.

Bar or ingot gold is received in proportion to its fineness compared with the above foreign gold coin. Upon fine bars the bank gives 340 per mark. In general, however, something more is given upon coin of a known fineness, than upon gold and silver bars, of which the fineness cannot be ascertained but by a process of melting and assaying.

 with

with regard to gold, than with regard to silver, on account of the higher warehouse-rent which is paid for the keeping of the more precious metal.

The person who by making a deposit of bullion obtains both a bank credit and a receipt, pays his bills of exchange as they become due with his bank credit; and either sells or keeps his receipt according as he judges that the price of bullion is likely to rise or to fall. The receipt and the bank credit seldom keep long together, and there is no occasion that they should. The person who has a receipt, and who wants to take out bullion, finds always plenty of bank credits, or bank money to buy at the ordinary price; and the person who has bank money, and wants to take out bullion, finds receipts always in equal abundance.

The owners of bank credits, and the holders of receipts, constitute two different sorts of creditors against the bank. The holder of a receipt cannot draw out the bullion for which it is granted, without re-assigning to the bank a sum of bank money equal to the price at which the bullion had been received. If he has no bank money of his own, he must purchase it of those who have it. The owner of bank money cannot draw out bullion without producing to the bank receipts for the quantity which he wants. If he has none of his own, he must buy them of those who have them. The holder of a receipt, when he purchases bank money, purchases the power

of

of taking out a quantity of bullion, of which the mint price is five per cent. above the bank price. The agio of five per cent. therefore, which he commonly pays for it, is paid, not for an imaginary, but for a real value. The owner of bank money, when he purchaſes a receipt, purchaſes the power of taking out a quantity of bullion of which the market price is commonly from two to three per cent. above the mint price. The price which he pays for it, therefore, is paid likewiſe for a real value. The price of the receipt, and the price of the bank money, compound or make up between them the full value or price of the bullion.

Upon depoſits of the coin current in the country, the bank grants receipts likewiſe as well as bank credits; but thoſe receipts are frequently of no value, and will bring no price in the market. Upon ducatoons, for example, which in the currency paſs for three guilders three ſtivers each, the bank gives a credit of three guilders only, or five per cent. below their current value. It grants a receipt likewiſe intitling the bearer to take out the number of ducatoons depoſited at any time within ſix months, upon paying one-fourth per cent. for the keeping. This receipt will frequently bring no price in the market. Three guilders bank money generally ſell in the market for three guilders three ſtivers, the full value of the ducatoons, if they were taken out of the bank; and before they can be taken out, one-fourth per cent. muſt be paid for the keep-

ing, which would be mere loſs to the holder of the receipt. If the agio of the bank, however, ſhould at any time fall to three per cent. ſuch receipts might bring ſome price in the market, and might ſell for one and three-fourths per cent. But the agio of the bank being now generally about five per cent. ſuch receipts are frequently allowed to expire, or, as they expreſs it, to fall to the bank. The receipts which are given for depoſits of gold ducats fall to it yet more frequently, becauſe a higher warehouſe-rent, or one-half per-cent. muſt be paid for the keeping of them before they can be taken out again. The five per cent. which the bank gains, when depoſits either of coin or bullion are allowed to fall to it, may be conſidered as the warehouſe-rent for the perpetual keeping of ſuch depoſits.

The ſum of bank money for which the receipts are expired muſt be very conſiderable. It muſt comprehend the whole original capital of the bank, which, it is generally ſuppoſed, has been allowed to remain there from the time it was firſt depoſited, nobody caring either to renew his receipt or to take out his depoſit, as, for the reaſons already aſſigned, neither the one nor the other could be done without loſs. But whatever may be the amount of this ſum, the proportion which it bears to the whole maſs of bank money is ſuppoſed to be very ſmall. The bank of Amſterdam has for theſe many years paſt been the great warehouſe of Europe for bul-

lion, for which the receipts are very ſeldom allowed to expire, or, as they expreſs it, to fall to the bank. The far greater part of the bank money, or of the credits upon the books of the bank, is ſuppoſed to have been created, for theſe many years paſt, by ſuch depoſits which the dealers in bullion are continually both making and withdrawing.

No demand can be made upon the bank but by means of a recipice or receipt. The ſmaller maſs of bank money, for which the receipts are expired, is mixed and confounded with the much greater maſs for which they are ſtill in force; ſo that, though there may be a conſiderable ſum of bank money, for which there are no receipts, there is no ſpecific ſum or portion of it, which may not at any time be demanded by one. The bank cannot be debtor to two perſons for the ſame thing; and the owner of bank money who has no receipt, cannot demand payment of the bank till he buys one. In ordinary and quiet times, he can find no difficulty in getting one to buy at the market price, which generally correſponds with the price at which he can ſell the coin or bullion it intitles him to take out of the bank.

It might be otherwiſe during a public calamity; an invaſion, for example, ſuch as that of the French in 1672. The owners of bank money being then all eager to draw it out of the bank, in order to have it in their own keeping, the demand for receipts might raiſe their price to an exorbitant height. The holders of them

might form extravagant expectations, and, instead of two or three per cent. demand half the bank money for which credit had been given upon the depoſits that the receipts had reſpectively been granted for. The enemy, informed of the conſtitution of the bank, might even buy them up, in order to prevent the carrying away of the treaſure. In ſuch emergencies, the bank, it is ſuppoſed, would break through its ordinary rule of making payment only to the holders of receipts. The holders of receipts, who had no bank money, muſt have received within two or three per cent. of the value of the depoſit for which their reſpective receipts had been granted. The bank, therefore, it is ſaid, would in this caſe make no ſcruple of paying, either with money or bullion, the full value of what the owners of bank money who could get no receipts were credited for in its books; paying at the ſame time two or three per cent. to ſuch holders of receipts as had no bank money, that being the whole value which in this ſtate of things could juſtly be ſuppoſed due to them.

Even in ordinary and quiet times it is the intereſt of the holders of receipts to depreſs the agio, in order either to buy bank money (and conſequently the bullion, which their receipts would then enable them to take out of the bank) ſo much cheaper, or to ſell their receipts to thoſe who have bank money, and who want to take out bullion, ſo much dearer; the price of a receipt being generally equal to the difference between the market price of bank money, and that

that of the coin or bullion for which the receipt had been granted. It is the intereſt of the owners of bank money, on the contrary, to raiſe the agio, in order either to ſell their bank money ſo much dearer, or to buy a receipt ſo much cheaper. To prevent the ſtock-jobbing tricks which thoſe oppoſite intereſts might ſometimes occaſion, the bank has of late years come to the reſolution to ſell at all times bank money for currency, at five per cent. agio, and to buy it in again at four per cent. agio. In conſequence of this reſolution, the agio can never either riſe above five, or ſink below four per cent. and the proportion between the market price of bank and that of current money, is kept at all times very near to the proportion between their intrinſic values. Before this reſolution was taken, the market price of bank money uſed ſometimes to riſe ſo high as nine per cent. agio, and ſometimes to ſink ſo low as par, according as oppoſite intereſts happened to influence the market.

The bank of Amſterdam profeſſes to lend out no part of what is depoſited with it, but, for every guilder for which it gives credit in its books, to keep in its repoſitories the value of a guilder either in money or bullion. That it keeps in its repoſitories all the money or bullion for which there are receipts in force, for which it is at all times liable to be called upon, and which, in reality, is continually going from it and returning to it again, cannot well be doubted. But whether it does ſo likewiſe with regard to that part of its capital, for which the receipts

are long ago expired, for which in ordinary and quiet times it cannot be called upon, and which in reality is very likely to remain with it for ever, or as long as the States of the United Provinces subsist, may perhaps appear more uncertain. At Amsterdam, however, no point of faith is better established than that for every guilder, circulated as bank money, there is a correspondent guilder in gold or silver to be found in the treasure of the bank. The city is guarantee that it should be so. The bank is under the direction of the four reigning burgomasters, who are changed every year. Each new set of burgomasters visits the treasure, compares it with the books, receives it upon oath, and delivers it over, with the same awful solemnity, to the set which succeeds; and in that sober and religious country oaths are not yet disregarded. A rotation of this kind seems alone a sufficient security against any practices which cannot be avowed. Amidst all the revolutions which faction has ever occasioned in the government of Amsterdam, the prevailing party has at no time accused their predecessors of infidelity in the administration of the bank. No accusation could have affected more deeply the reputation and fortune of the disgraced party, and if such an accusation could have been supported, we may be assured that it would have been brought. In 1672, when the French King was at Utrecht, the bank of Amsterdam paid so readily as left no doubt of the fidelity with which it had observed its engagements. Some of the pieces which were then brought

brought from its repoſitories appeared to have been ſcorched with the fire which happened in the town-houſe ſoon after the bank was eſtabliſhed. Thoſe pieces, therefore, muſt have lain there from that time.

What may be the amount of the treaſure in the bank, is a queſtion which has long employed the ſpeculations of the curious. Nothing but conjecture can be offered concerning it. It is generally reckoned that there are about two thouſand people who keep accounts with the bank, and allowing them to have, one with another, the value of fifteen hundred pounds ſterling lying upon their reſpective accounts (a very large allowance), the whole quantity of bank money, and conſequently of treaſure in the bank, will amount to about three millions ſterling, or at eleven guilders the pound ſterling, thirty-three millions of guilders; a great ſum, and ſufficient to carry on a very extenſive circulation; but vaſtly below the extravagant ideas which ſome people have formed of this treaſure.

The city of Amſterdam derives a conſiderable revenue from the bank. Beſides what may be called the warehouſe-rent above mentioned, each perſon, upon firſt opening an account with the bank, pays a fee of ten guilders; and for every new account three guilders three ſtivers; for every transfer two ſtivers; and if the transfer is for leſs than three hundred guilders, ſix ſtivers, in order to diſcourage the multiplicity of ſmall tranſactions. The perſon who neglects to balance his account twice in the year forfeits twenty-

twenty-five guilders. The perſon who orders a transfer for more than is upon his account, is obliged to pay three per cent. for the ſum overdrawn, and his order is ſet aſide into the bargain. The bank is ſuppoſed too to make a conſiderable profit by the ſale of the foreign coin or bullion which ſometimes falls to it by the expiring of receipts, and which is always kept till it can be ſold with advantage. It makes a profit likewiſe by ſelling bank money at five per cent. agio, and buying it in at four. Theſe different emoluments amount to a good deal more than what is neceſſary for paying the ſalaries of officers, and defraying the expence of management. What is paid for the keeping of bullion upon receipts, is alone ſuppoſed to amount to a neat annual revenue of between one hundred and fifty thouſand and two hundred thouſand guilders. Public utility, however, and not revenue, was the original object of this inſtitution. Its object was to relieve the merchants from the inconvenience of a diſadvantageous exchange. The revenue which has ariſen from it was unforeſeen, and may be conſidered as accidental. But it is now time to return from this long digreſſion, into which I have been inſenſibly led in endeavouring to explain the reaſons why the exchange between the countries which pay in what is called bank money, and thoſe which pay in common currency, ſhould generally appear to be in favour of the former, and againſt the latter. The former pay in a ſpecies of money of which the intrinſic value is always the ſame, and exactly agreeable

agreeable to the ſtandard of their reſpective mints; the latter is a ſpecies of money of which the intrinſic value is continually varying, and is almoſt always more or leſs below that ſtandard.

PART II.

Of the Unreaſonableneſs of thoſe extraordinary Reſtraints upon other Principles.

IN the foregoing Part of this Chapter I have endeavoured to ſhew, even upon the principles of the commercial ſyſtem, how unneceſſary it is to lay extraordinary reſtraints upon the importation of goods from thoſe countries with which the balance of trade is ſuppoſed to be diſadvantageous.

Nothing, however, can be more abſurd than this whole doctrine of the balance of trade, upon which, not only theſe reſtraints, but almoſt all the other regulations of commerce are founded. When two places trade with one another, this doctrine ſuppoſes that, if the balance be even, neither of them either loſes or gains; but if it leans in any degree to one ſide, that one of them loſes, and the other gains in proportion to its declenſion from the exact equilibrium. Both ſuppoſitions are falſe. A trade which is forced by means of bounties and monopolies, may be, and commonly is diſadvantageous to the country in whoſe favour it is meant to be eſtabliſhed, as I ſhall endeavour to ſhew hereafter. But that trade

trade, which, without force or constraint, is naturally and regularly carried on between any two places, is always advantageous, though not always equally so, to both.

By advantage or gain, I understand, not the increase of the quantity of gold and silver, but that of the exchangeable value of the annual produce of the land and labour of the country, or the increase of the annual revenue of its inhabitants.

If the balance be even, and if the trade between the two places consist altogether in the exchange of their native commodities, they will, upon most occasions, not only both gain, but they will gain equally, or very near equally: each will in this case afford a market for a part of the surplus produce of the other: each will replace a capital which had been employed in raising and preparing for the market this part of the surplus produce of the other, and which had been distributed among, and given revenue and maintenance to a certain number of its inhabitants. Some part of the inhabitants of each, therefore, will indirectly derive their revenue and maintenance from the other. As the commodities exchanged too are supposed to be of equal value, so the two capitals employed in the trade will, upon most occasions, be equal, or very nearly equal; and both being employed in raising the native commodities of the two countries, the revenue and maintenance which their distribution will afford to the inhabitants of each will be equal, or very nearly equal. This revenue and

and maintenance, thus mutually afforded, will be greater or ſmaller in proportion to the extent of their dealings. If theſe ſhould annually amount to an hundred thouſand pounds, for example, or to a million on each ſide, each of them would afford an annual revenue in the one caſe of an hundred thouſand pounds, in the other, of a million, to the inhabitants of the other.

If their trade ſhould be of ſuch a nature that one of them exported to the other nothing but native commodities, while the returns of that other conſiſted altogether in foreign goods; the balance in this caſe, would ſtill be ſuppoſed even, commodities being paid for with commodities. They would, in this caſe too, both gain, but they would not gain equally; and the inhabitants of the country which exported nothing but native commodities would derive the greateſt revenue from the trade. If England, for example, ſhould import from France nothing but the native commodities of that country, and, not having ſuch commodities of its own as were in demand there, ſhould annually repay them by ſending thither a large quantity of foreign goods, tobacco, we ſhall ſuppoſe, and Eaſt India goods; this trade, though it would give ſome revenue to the inhabitants of both countries, would give more to thoſe of France than to thoſe of England. The whole French capital annually employed in it would annually be diſtributed among the people of France. But that part of the Engliſh capital only which was employed in producing the Engliſh commodities with which thoſe foreign

foreign goods were purchased, would be annually distributed among the people of England. The greater part of it would replace the capitals which had been employed in Virginia, Indostan, and China, and which had given revenue and maintenance to the inhabitants of those distant countries. If the capitals were equal, or nearly equal, therefore, this employment of the French capital would augment much more the revenue of the people of France, than that of the English capital would the revenue of the people of England. France would in this case carry on a direct foreign trade of consumption with England; whereas England would carry on a round-about trade of the same kind with France. The different effects of a capital employed in the direct, and of one employed in the round-about foreign trade of consumption, have already been fully explained.

There is not, probably, between any two countries, a trade which consists altogether in the exchange either of native commodities on both sides, or of native commodities on one side and of foreign goods on the other. Almost all countries exchange with one another partly native and partly foreign goods. That country, however, in whose cargoes there is the greatest proportion of native, and the least of foreign goods, will always be the principal gainer.

If it was not with tobacco and East India goods, but with gold and silver, that England paid for the commodities annually imported from France, the balance, in this case, would be sup-

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poſed uneven, commodities not being paid for with commodities, but with gold and ſilver. The trade, however, would, in this caſe, as in the foregoing, give ſome revenue to the inhabitants of both countries, but more to thoſe of France than to thoſe of England. It would give ſome revenue to thoſe of England. The capital which had been employed in producing the Engliſh goods that purchaſed this gold and ſilver, the capital which had been diſtributed among, and given revenue to, certain inhabitants of England, would thereby be replaced, and enabled to continue that employment. The whole capital of England would no more be diminiſhed by this exportation of gold and ſilver, than by the exportation of an equal value of any other goods. On the contrary, it would, in moſt caſes, be augmented. No goods are ſent abroad but thoſe for which the demand is ſuppoſed to be greater abroad than at home, and of which the returns conſequently, it is expected, will be of more value at home than the commodities exported. If the tobacco which, in England, is worth only a hundred thouſand pounds, when ſent to France will purchaſe wine which is, in England, worth a hundred and ten thouſand pounds, the exchange will augment the capital of England by ten thouſand pounds. If a hundred thouſand pounds of Engliſh gold, in the ſame manner, purchaſe French wine, which, in England, is worth a hundred and ten thouſand, this exchange will equally augment the capital of England by ten thouſand pounds. As a merchant who has

a hundred and ten thouſand pounds worth of wine in his cellar, is a richer man than he who has only a hundred thouſand pounds worth of tobacco in his warehouſe, ſo is he likewiſe a richer man than he who has only a hundred thouſand pounds worth of gold in his coffers. He can put into motion a greater quantity of induſtry, and give revenue, maintenance, and employment, to a greater number of people than either of the other two. But the capital of the country is equal to the capitals of all its different inhabitants, and the quantity of induſtry which can be annually maintained in it, is equal to what all thoſe different capitals can maintain. Both the capital of the country, therefore, and the quantity of induſtry which can be annually maintained in it, muſt generally be augmented by this exchange. It would, indeed, be more advantageous for England that it could purchaſe the wines of France with its own hard-ware and broad-cloth, than with either the tobacco of Virginia, or the gold and ſilver of Brazil and Peru. A direct foreign trade of conſumption is always more advantageous than a round-about one. But a round-about foreign trade of conſumption, which is carried on with gold and ſilver, does not ſeem to be leſs advantageous than any other equally round-about one. Neither is a country which has no mines, more likely to be exhauſted of gold and ſilver by this annual exportation of thoſe metals, than one which does not grow tobacco by the like annual exportation of that plant. As a country which has where-

withal

withal to buy tobacco will never be long in want of it, so neither will one be long in want of gold and silver which has wherewithal to purchase those metals.

It is a losing trade, it is said, which a workman carries on with the alehouse; and the trade which a manufacturing nation would naturally carry on with a wine country, may be considered as a trade of the same nature. I answer, that the trade with the alehouse is not necessarily a losing trade. In its own nature it is just as advantageous as any other, though, perhaps, somewhat more liable to be abused. The employment of a brewer, and even that of a retailer of fermented liquors, are as necessary divisions of labour as any other. It will generally be more advantageous for a workman to buy of the brewer the quantity he has occasion for, than to brew it himself, and if he is a poor workman, it will generally be more advantageous for him to buy it, by little and little, of the retailer, than a large quantity of the brewer. He may no doubt buy too much of either, as he may of any other dealers in his neighbourhood, of the butcher, if he is a glutton, or of the draper, if he affects to be a beau among his companions. It is advantageous to the great body of workmen, notwithstanding, that all these trades should be free, though this freedom may be abused in all of them, and is more likely to be so, perhaps, in some than in others. Though individuals, besides, may sometimes ruin their fortunes by an excessive consumption of fermented liquors, there

ſeems to be no riſk that a nation ſhould do ſo. Though in every country there are many people who ſpend upon ſuch liquors more than they can afford, there are always many more who ſpend leſs. It deſerves to be remarked too, that, if we conſult experience, the cheapneſs of wine ſeems to be a cauſe, not of drunkenneſs, but of ſobriety. The inhabitants of the wine countries are in general the ſobereſt people in Europe; witneſs the Spaniards, the Italians, and the inhabitants of the ſouthern provinces of France. People are ſeldom guilty of exceſs in what is their daily fare. Nobody affects the character of liberality and good fellowſhip, by being profuſe of a liquor which is as cheap as ſmall beer. On the contrary, in the countries which, either from exceſſive heat or cold, produce no grapes, and where wine conſequently is dear and a rarity, drunkenneſs is a common vice, as among the northern nations, and all thoſe who live between the tropics, the negroes, for example, on the coaſt of Guinea. When a French regiment comes from ſome of the northern provinces of France, where wine is ſomewhat dear, to be quartered in the ſouthern, where it is very cheap, the ſoldiers, I have frequently heard it obſerved, are at firſt debauched by the cheapneſs and novelty of good wine; but after a few months reſidence, the greater part of them become as ſober as the reſt of the inhabitants. Were the duties upon foreign wines, and the exciſes upon malt, beer, and ale, to be taken away all at once, it might, in the ſame manner, occaſion in Great

Britain

Britain a pretty general and temporary drunkenness among the middling and inferior ranks of people, which would probably be soon followed by a permanent and almost universal sobriety. At present drunkenness is by no means the vice of people of fashion, or of those who can easily afford the most expensive liquors. A gentleman drunk with ale, has scarce ever been seen among us. The restraints upon the wine trade in Great Britain, besides, do not so much seem calculated to hinder the people from going, if I may say so, to the alehouse, as from going where they can buy the best and cheapest liquor. They favour the wine trade of Portugal, and discourage that of France. The Portuguese, it is said, indeed, are better customers for our manufactures than the French, and should therefore be encouraged in preference to them. As they give us their custom, it is pretended, we should give them ours. The sneaking arts of underling tradesmen are thus erected into political maxims for the conduct of a great empire; for it is the most underling tradesmen only who make it a rule to employ chiefly their own customers. A great trader purchases his goods always where they are cheapest and best, without regard to any little interest of this kind.

By such maxims as these, however, nations have been taught that their interest consisted in beggaring all their neighbours. Each nation has been made to look with an invidious eye upon the prosperity of all the nations with which it trades, and to consider their gain as its own

loſs. Commerce, which ought naturally to be, among nations, as among individuals, a bond of union and friendſhip, has become the moſt fertile ſource of diſcord and animoſity. The capricious ambition of kings and miniſters has not, during the preſent and the preceding century, been more fatal to the repoſe of Europe, than the impertinent jealouſy of merchants and manufacturers. The violence and injuſtice of the rulers of mankind is an ancient evil, for which, I am afraid, the nature of human affairs can ſcarce admit of a remedy. But the mean rapacity, the monopolizing ſpirit of merchants and manufacturers, who neither are, nor ought to be, the rulers of mankind, though it cannot perhaps be corrected, may very eaſily be prevented from diſturbing the tranquillity of any body but themſelves.

That it was the ſpirit of monopoly which originally both invented and propagated this doctrine, cannot be doubted; and they who firſt taught it were by no means ſuch fools as they who believed it. In every country it always is and muſt be the intereſt of the great body of the people to buy whatever they want of thoſe who ſell it cheapeſt. The propoſition is ſo very manifeſt, that it ſeems ridiculous to take any pains to prove it; nor could it ever have been called in queſtion, had not the intereſted ſophiſtry of merchants and manufacturers confounded the common ſenſe of mankind. Their intereſt is, in this reſpect, directly oppoſite to that of the great body of the people. As it is the intereſt of the freemen

of

of a corporation to hinder the reſt of the inhabitants from employing any workmen but themſelves, ſo it is the intereſt of the merchants and manufacturers of every country to ſecure to themſelves the monopoly of the home market. Hence in Great Britain, and in moſt other European countries, the extraordinary duties upon almoſt all goods imported by alien merchants. Hence the high duties and prohibitions upon all thoſe foreign manufactures which can come into competition with our own. Hence too the extraordinary reſtraints upon the importation of almoſt all ſorts of goods from thoſe countries with which the balance of trade is ſuppoſed to be diſadvantageous; that is, from thoſe againſt whom national animoſity happens to be moſt violently inflamed.

The wealth of a neighbouring nation, however, though dangerous in war and politics, is certainly advantageous in trade. In a ſtate of hoſtility it may enable our enemies to maintain fleets and armies ſuperior to our own; but in a ſtate of peace and commerce it muſt likewiſe enable them to exchange with us to a greater value, and to afford a better market, either for the immediate produce of our own induſtry, or for whatever is purchaſed with that produce. As a rich man is likely to be a better cuſtomer to the induſtrious people in his neighbourhood, than a poor, ſo is likewiſe a rich nation. A rich man, indeed, who is himſelf a manufacturer, is a very dangerous neighbour to all thoſe who deal in the ſame way. All the reſt of the neighbourhood,

bourhood, however, by far the greateſt number, profit by the good market which his expence affords them. They even profit by his underſelling the poorer workmen who deal in the ſame way with him. The manufacturers of a rich nation, in the ſame manner, may no doubt be very dangerous rivals to thoſe of their neighbours. This very competition, however, is advantageous to the great body of the people, who profit greatly beſides by the good market which the great expence of ſuch a nation affords them in every other way. Private people who want to make a fortune, never think of retiring to the remote and poor provinces of the country, but reſort either to the capital, or to ſome of the great commercial towns. They know, that, where little wealth circulates, there is little to be got, but that where a great deal is in motion, ſome ſhare of it may fall to them. The ſame maxims which would in this manner direct the common ſenſe of one, or ten, or twenty individuals, ſhould regulate the judgment of one, or ten, or twenty millions, and ſhould make a whole nation regard the riches of its neighbours, as a probable cauſe and occaſion for itſelf to acquire riches. A nation that would enrich itſelf by foreign trade, is certainly moſt likely to do ſo when its neighbours are all rich, induſtrious, and commercial nations. A great nation ſurrounded on all ſides by wandering ſavages and poor barbarians might, no doubt, acquire riches by the cultivation of its own lands, and by its own interior commerce, but not by foreign trade. It ſeems to have been

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in this manner that the ancient Egyptians and the modern Chinese acquired their great wealth. The ancient Egyptians, it is said, neglected foreign commerce, and the modern Chinese, it is known, hold it in the utmost contempt, and scarce deign to afford it the decent protection of the laws. The modern maxims of foreign commerce, by aiming at the impoverishment of all our neighbours, so far as they are capable of producing their intended effect, tend to render that very commerce insignificant and contemptible.

It is in consequence of these maxims that the commerce between France and England has in both countries been subjected to so many discouragements and restraints. If those two countries, however, were to consider their real interest, without either mercantile jealousy or national animosity, the commerce of France might be more advantageous to Great Britain than that of any other country, and for the same reason that of Great Britain to France. France is the nearest neighbour to Great Britain. In the trade between the southern coast of England and the northern and north-western coasts of France, the returns might be expected, in the same manner as in the inland trade, four, five, or six times in the year. The capital, therefore, employed in this trade, could in each of the two countries keep in motion four, five, or six times the quantity of industry, and afford employment and subsistence to four, five, or six times the number of

people, which an equal capital could do in the greater part of the other branches of foreign trade. Between the parts of France and Great Britain moſt remote from one another, the returns might be expected, at leaſt, once in the year, and even this trade would ſo far be at leaſt equally advantageous as the greater part of the other branches of our foreign European trade. It would be, at leaſt, three times more advantageous, than the boaſted trade with our North American colonies, in which the returns were ſeldom made in leſs than three years, frequently not in leſs than four or five years. France, beſides, is ſuppoſed to contain twenty-four millions of inhabitants. Our North American colonies were never ſuppoſed to contain more than three millions: And France is a much richer country than North America; though, on account of the more unequal diſtribution of riches, there is much more poverty and beggary in the one country, than in the other. France therefore could afford a market at leaſt eight times more extenſive, and, on account of the ſuperior frequency of the returns, four and twenty times more advantageous, than that which our North American colonies ever afforded. The trade of Great Britain would be juſt as advantageous to France, and, in proportion to the wealth, population and proximity of the reſpective countries, would have the ſame ſuperiority over that which France carries on with her own colonies. Such is the very great difference between that trade

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which the wisdom of both nations has thought proper to discourage, and that which it has favoured the most.

But the very same circumstances which would have rendered an open and free commerce between the two countries so advantageous to both, have occasioned the principal obstructions to that commerce. Being neighbours, they are necessarily enemies, and the wealth and power of each becomes, upon that account, more formidable to the other; and what would increase the advantage of national friendship, serves only to inflame the violence of national animosity. They are both rich and industrious nations; and the merchants and manufacturers of each, dread the competition of the skill and activity of those of the other. Mercantile jealousy is excited, and both inflames, and is itself inflamed, by the violence of national animosity: And the traders of both countries have announced, with all the passionate confidence of interested falsehood, the certain ruin of each, in consequence of that unfavourable balance of trade, which, they pretend, would be the infallible effect of an unrestrained commerce with the other.

There is no commercial country in Europe of which the approaching ruin has not frequently been foretold by the pretended doctors of this system, from an unfavourable balance of trade. After all the anxiety, however, which they have excited about this, after all the vain attempts of almost all trading nations to turn that balance in their own favour and against their neighbours,

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BOOK IV. it does not appear that any one nation in Europe has been in any respect impoverished by this cause. Every town and country, on the contrary, in proportion as they have opened their ports to all nations, instead of being ruined by this free trade, as the principles of the commercial system would lead us to expect, have been enriched by it. Though there are in Europe, indeed, a few towns which in some respects deserve the name of free ports, there is no country which does so. Holland, perhaps, approaches the nearest to this character of any, though still very remote from it; and Holland, it is acknowledged, not only derives its whole wealth, but a great part of its necessary subsistence, from foreign trade.

There is another balance, indeed, which has already been explained, very different from the balance of trade, and which, according as it happens to be either favourable or unfavourable, necessarily occasions the prosperity or decay of every nation. This is the balance of the annual produce and consumption. If the exchangeable value of the annual produce, it has already been observed, exceeds that of the annual consumption, the capital of the society must annually increase in proportion to this excess. The society in this case lives within its revenue, and what is annually saved out of its revenue, is naturally added to its capital, and employed so as to increase still further the annual produce. If the exchangeable value of the annual produce, on the contrary, fall short of the annual

consumption, the capital of the society must annually decay in proportion to this deficiency. The expence of the society in this case exceeds its revenue, and necessarily encroaches upon its capital. Its capital, therefore, must necessarily decay, and, together with it, the exchangeable value of the annual produce of its industry.

This balance of produce and consumption is entirely different from, what is called, the balance of trade. It might take place in a nation which had no foreign trade, but which was entirely separated from all the world. It may take place in the whole globe of the earth, of which the wealth, population, and improvement, may be either gradually increasing or gradually decaying.

The balance of produce and consumption may be constantly in favour of a nation, though what is called the balance of trade be generally against it. A nation may import to a greater value than it exports for half a century, perhaps, together; the gold and silver which comes into it during all this time may be all immediately sent out of it; its circulating coin may gradually decay, different sorts of paper money being substituted in its place, and even the debts too which it contracts in the principal nations with whom it deals, may be gradually increasing; and yet its real wealth, the exchangeable value of the annual produce of its lands and labour, may, during the same period, have been increasing in a much greater proportion. The state of our North American colonies, and of the trade

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BOOK IV. which they carried on with Great Britain, before the commencement of the present disturbances *, may serve as a proof that this is by no means an impossible supposition.

CHAP. IV.

Of Drawbacks.

CHAP. IV. MERCHANTS and manufactures are not contented with the monopoly of the home market, but desire likewise the most extensive foreign sale for their goods. Their country has no jurisdiction in foreign nations, and therefore can seldom procure them any monopoly there. They are generally obliged, therefore, to content themselves with petitioning for certain encouragements to exportation.

Of these encouragements what are called Drawbacks seem to be the most reasonable. To allow the merchant to draw back upon exportation, either the whole or a part of whatever excise or inland duty is imposed upon domestic industry, can never occasion the exportation of a greater quantity of goods than what would have been exported had no duty been imposed. Such encouragements do not tend to turn towards any particular employment a greater share of the capital of the country, than what would go to that employment of its own accord, but only to hinder the duty from driving away any part of

* This paragraph was written in the year 1775.

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that ſhare to other employments. They tend not to overturn that balance which naturally eſtabliſhes itſelf among all the various employments of the ſociety; but to hinder it from being overturned by the duty. They tend not to deſtroy, but to preſerve, what it is in moſt caſes advantageous to preſerve, the natural diviſion and diſtribution of labour in the ſociety.

The ſame thing may be ſaid of the drawbacks upon the re-exportation of foreign goods imported; which in Great Britain generally amount to by much the largeſt part of the duty upon importation. By the ſecond of the rules annexed to the act of parliament, which impoſed, what is now called, the old ſubſidy, every merchant, whether Engliſh or alien, was allowed to draw back half that duty upon exportation; the Engliſh merchant, provided the exportation took place within twelve months; the alien, provided it took place within nine months. Wines, currants, and wrought ſilks were the only goods which did not fall within this rule, having other and more advantageous allowances. The duties impoſed by this act of parliament were, at that time, the only duties upon the importation of foreign goods. The term within which this, and all other drawbacks, could be claimed, was afterwards (by 7 Geo. I. chap. 21. ſect. 10.) extended to three years.

The duties which have been impoſed ſince the old ſubſidy, are, the greater part of them, wholly drawn back upon exportation. This general rule, however, is liable to a great number of

BOOK IV. of exceptions, and the doctrine of drawbacks has become a much less simple matter, than it was at their first institution.

Upon the exportation of some foreign goods, of which it was expected that the importation would greatly exceed what was necessary for the home consumption, the whole duties are drawn back, without retaining even half the old subsidy. Before the revolt of our North American colonies, we had the monopoly of the tobacco of Maryland and Virginia. We imported about ninety-six thousand hogsheads, and the home consumption was not supposed to exceed fourteen thousand. To facilitate the great exportation which was necessary, in order to rid us of the rest, the whole duties were drawn back, provided the exportation took place within three years.

We still have, though not altogether, yet very nearly, the monopoly of the sugars of our West Indian islands. If sugars are exported within a year, therefore, all the duties upon importation are drawn back, and if exported within three years, all the duties, except half the old subsidy, which still continues to be retained upon the exportation of the greater part of goods. Though the importation of sugar exceeds, a good deal, what is necessary for the home consumption, the excess is inconsiderable, in comparison of what it used to be in tobacco.

Some goods, the particular objects of the jealousy of our own manufacturers, are prohibited to be imported for home consumption. They may,

may, however, upon paying certain duties, be imported and warehoufed for exportation. But upon fuch exportation, no part of thefe duties are drawn back. Our manufacturers are unwilling, it feems, that even this reftricted importation fhould be encouraged, and are afraid left fome part of thefe goods fhould be ftolen out of the warehoufe, and thus come into competition with their own. It is under thefe regulations only that we can import wrought filks, French cambrics and lawns, callicoes painted, printed, ftained, or dyed, &c.

We are unwilling even to be the carriers of French goods, and choofe rather to forego a profit to ourfelves, than to fuffer thofe whom we confider as our enemies, to make any profit by our means. Not only half the old fubfidy, but the fecond twenty-five per cent. is retained upon the exportation of all French goods.

By the fourth of the rules annexed to the old fubfidy, the drawback allowed upon the exportation of all wines amounted to a great deal more than half the duties which were, at that time, paid upon their importation; and it feems, at that time, to have been the object of the legiflature to give fomewhat more than ordinary encouragement to the carrying trade in wine. Several of the other duties too, which were impofed, either at the fame time, or fubfequent to the old fubfidy; what is called the additional duty, the new fubfidy, the one-third and two-thirds fubfidies, the impoft 1692, the coinage on wine, were allowed to be wholly drawn back

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upon exportation. All those duties, however, except the additional duty and impost 1692, being paid down in ready money, upon importation, the interest of so large a sum occasioned an expence, which made it unreasonable to expect any profitable carrying trade in this article. Only a part, therefore, of the duty called the impost on wine, and no part of the twenty-five pounds the ton upon French wines, or of the duties imposed in 1745, in 1763, and in 1778, were allowed to be drawn back upon exportation. The two imposts of five per cent., imposed in 1779 and 1781, upon all the former duties of customs, being allowed to be wholly drawn back upon the exportation of all other goods, were likewise allowed to be drawn back upon that of wine. The last duty that has been particularly imposed upon wine, that of 1780, is allowed to be wholly drawn back, an indulgence, which, when so many heavy duties are retained, most probably could never occasion the exportation of a single ton of wine. These rules take place with regard to all places of lawful exportation, except the British colonies in America.

The 15th Charles II. chap. 7., called an act for the encouragement of trade, had given Great Britain the monopoly of supplying the colonies with all the commodities of the growth or manufacture of Europe; and consequently with wines. In a country of so extensive a coast as our North American and West Indian colonies, where our authority was always so very

ſlender, and where the inhabitants were allowed to carry out, in their own ſhips, their non-enumerated commodities, at firſt, to all parts of Europe, and afterwards, to all parts of Europe South of Cape Finiſterre, it is not very probable that this monopoly could ever be much reſpected; and they probably, at all times, found means of bringing back ſome cargo from the countries to which they were allowed to carry out one. They ſeem however, to have found ſome difficulty in importing European wines from the places of their growth, and they could not well import them from Great Britain, where they were loaded with many heavy duties, of which a conſiderable part was not drawn back upon exportation. Madeira wine, not being a European commodity, could be imported directly into America and the Weſt Indies, countries which, in all their non-enumerated commodities, enjoyed a free trade to the iſland of Madeira. Theſe circumſtances had probably introduced that general taſte for Madeira wine, which our officers found eſtabliſhed in all our colonies at the commencement of the war which began in 1755, and which they brought back with them to the mother-country, where that wine had not been much in faſhion before. Upon the concluſion of that war, in 1763 (by the 4th Geo. III. Chap. 15. Sect. 12.), all the duties, except 3*l.* 10*s.*, were allowed to be drawn back, upon the exportation to the colonies of all wines, except French wines, to the commerce and conſumption of which, national prejudice would allow

allow no ſort of encouragement. The period between the granting of this indulgence and the revolt of our North American colonies was probably too ſhort to admit of any conſiderable change in the cuſtoms of thoſe countries.

The ſame act, which, in the drawback upon all wines, except French wines, thus favoured the colonies ſo much more than other countries; in thoſe, upon the greater part of other commodities, favoured them much leſs. Upon the exportation of the greater part of commodities to other countries, half the old ſubſidy was drawn back. But this law enacted, that no part of that duty ſhould be drawn back upon the exportation to the colonies of any commodities, of the growth or manufacture either of Europe or the Eaſt Indies, except wines, white callicoes and muſlins.

Drawbacks were, perhaps, originally granted for the encouragement of the carrying trade, which, as the freight of the ſhips is frequently paid by foreigners in money, was ſuppoſed to be peculiarly fitted for bringing gold and ſilver into the country. But though the carrying trade certainly deſerves no peculiar encouragement, though the motive of the inſtitution was, perhaps, abundantly fooliſh, the inſtitution itſelf ſeems reaſonable enough. Such drawbacks cannot force into this trade a greater ſhare of the capital of the country than what would have gone to it of its own accord, had there been no duties upon importation. They only prevent its being excluded altogether by thoſe duties.

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The carrying trade, though it deſerves no preference, ought not to be precluded, but to be left free like all other trades. It is a neceſſary reſource for thoſe capitals which cannot find employment either in the agriculture or in the manufactures of the country, either in its home trade or in its foreign trade of conſumption.

The revenue of the cuſtoms, inſtead of ſuffering, profits from ſuch drawbacks, by that part of the duty which is retained. If the whole duties had been retained, the foreign goods upon which they are paid, could ſeldom have been exported, nor conſequently imported, for want of a market. The duties, therefore, of which a part is retained, would never have been paid.

Theſe reaſons ſeem ſufficiently to juſtify drawbacks, and would juſtify them, though the whole duties, whether upon the produce of domeſtic induſtry, or upon foreign goods, were always drawn back upon exportation. The revenue of exciſe would in this caſe, indeed, ſuffer a little, and that of the cuſtoms a good deal more; but the natural balance of induſtry, the natural diviſion and diſtribution of labour, which is always more or leſs diſturbed by ſuch duties, would be more nearly re-eſtabliſhed by ſuch a regulation.

Theſe reaſons, however, will juſtify drawbacks only upon exporting goods to thoſe countries which are altogether foreign and independent, not to thoſe in which our merchants and manufacturers enjoy a monopoly. A drawback, for example, upon the exportation of European goods

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to our American colonies, will not always occaſion a greater exportation than what would have taken place without it. By means of the monopoly which our merchants and manufacturers enjoy there, the ſame quantity might frequently, perhaps, be ſent thither, though the whole duties were retained. The drawback, therefore, may frequently be pure loſs to the revenue of exciſe and cuſtoms, without altering the ſtate of the trade, or rendering it in any reſpect more extenſive. How far ſuch drawbacks can be juſtifiſed, as a proper encouragement to the induſtry of our colonies, or how far it is advantageous to the mother-country, that they ſhould be exempted from taxes which are paid by all the reſt of their fellow-ſubjects, will appear hereafter when I come to treat of colonies.

Drawbacks, however, it muſt always be underſtood, are uſeful only in thoſe caſes in which the goods for the exportation of which they are given, are really exported to ſome foreign country; and not clandeſtinely re-imported into our own. That ſome drawbacks, particularly thoſe upon tobacco, have frequently been abuſed in this manner, and have given occaſion to many frauds equally hurtful both to the revenue and to the fair trader, is well known.

CHAP. V.

Of Bounties.

CHAP. V.

BOUNTIES upon exportation are, in Great Britain, frequently petitioned for, and ſometimes granted to the produce of particular branches of domeſtic induſtry. By means of them our merchants and manufacturers, it is pretended, will be enabled to ſell their goods as cheap or cheaper than their rivals in the foreign market. A greater quantity, it is ſaid, will thus be exported, and the balance of trade conſequently turned more in favour of our own country. We cannot give our workmen a monopoly in the foreign, as we have done in the home market. We cannot force foreigners to buy their goods, as we have done our own countrymen. The next beſt expedient, it has been thought, therefore, is to pay them for buying. It is in this manner that the mercantile ſyſtem propoſes to enrich the whole country, and to put money into all our pockets by means of the balance of trade.

Bounties, it is allowed, ought to be given to thoſe branches of trade only which cannot be carried on without them. But every branch of trade in which the merchant can ſell his goods for a price which replaces to him, with the ordinary profits of ſtock, the whole capital employed in preparing and ſending them to market, can be

carried on without a bounty. Every ſuch branch is evidently upon a level with all the other branches of trade which are carried on without bounties, and cannot therefore require one more than they. Thoſe trades only require bounties in which the merchant is obliged to ſell his goods for a price which does not replace to him his capital, together with the ordinary profit; or in which he is obliged to ſell them for leſs than it really coſts him to ſend them to market. The bounty is given in order to make up this loſs, and to encourage him to continue, or perhaps to begin, a trade of which the expence is ſuppoſed to be greater than the returns, of which every operation eats up a part of the capital employed in it, and which is of ſuch a nature, that, if all other trades reſembled it, there would ſoon be no capital left in the country.

The trades, it is to be obſerved, which are carried on by means of bounties, are the only ones which can be carried on between two nations for any conſiderable time together, in ſuch a manner as that one of them ſhall always and regularly loſe, or ſell its goods for leſs than it really coſts to ſend them to market. But if the bounty did not repay to the merchant what he would otherwiſe loſe upon the price of his goods, his own intereſt would ſoon oblige him to employ his ſtock in another way, or to find out a trade in which the price of the goods would replace to him, with the ordinary profit, the capital employed in ſending them to market. The effect of bounties, like that of all the other

expedients

expedients of the mercantile ſyſtem, can only be to force the trade of a country into a channel much leſs advantageous than that in which it would naturally run of its own accord.

The ingenious and well-informed author of the tracts upon the corn-trade has ſhown very clearly, that ſince the bounty upon the exportation of corn was firſt eſtabliſhed, the price of the corn exported, valued moderately enough, has exceeded that of the corn imported, valued very high, by a much greater ſum than the amount of the whole bounties which have been paid during that period. This, he imagines, upon the true principles of the mercantile ſyſtem, is a clear proof that this forced corn trade is beneficial to the nation; the value of the exportation exceeding that of the importation by a much greater ſum than the whole extraordinary expence which the public has been at in order to get it exported. He does not conſider that this extraordinary expence, or the bounty, is the ſmalleſt part of the expence which the exportation of corn really coſts the ſociety. The capital which the farmer employed in raiſing it, muſt likewiſe be taken into the account. Unleſs the price of the corn when ſold in the foreign markets replaces, not only the bounty, but this capital, together with the ordinary profits of ſtock, the ſociety is a loſer by the difference, or the national ſtock is ſo much diminiſhed. But the very reaſon for which it has been thought neceſſary to grant a bounty, is the ſuppoſed inſufficiency of the price to do this.

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The average price of corn, it has been ſaid, has fallen conſiderably ſince the eſtabliſhment of the bounty. That the average price of corn began to fall ſomewhat towards the end of the laſt century, and has continued to do ſo during the courſe of the ſixty-four firſt years of the preſent, I have already endeavoured to ſhow. But this event, ſuppoſing it to be as real as I believe it to be, muſt have happened in ſpite of the bounty, and cannot poſſibly have happened in conſequence of it. It has happened in France, as well as in England, though in France there was, not only no bounty, but, till 1764, the exportation of corn was ſubjected to a general prohibition. This gradual fall in the average price of grain, it is probable, therefore, is ultimately owing neither to the one regulation nor to the other, but to that gradual and inſenſible riſe in the real value of ſilver, which, in the firſt book of this diſcourſe, I have endeavoured to ſhow has taken place in the general market of Europe, during the courſe of the preſent century. It ſeems to be altogether impoſſible that the bounty could ever contribute to lower the price of grain.

In years of plenty, it has already been obſerved, the bounty, by occaſioning an extraordinary exportation, neceſſarily keeps up the price of corn in the home market above what it would naturally fall to. To do ſo was the avowed purpoſe of the inſtitution. In years of ſcarcity, though the bounty is frequently ſuſpended, yet the great exportation which it occaſions in years

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of plenty, muſt frequently hinder more or leſs the plenty of one year from relieving the ſcarcity of another. Both in years of plenty, and in years of ſcarcity, therefore, the bounty neceſſarily tends to raiſe the money price of corn ſomewhat higher than it otherwiſe would be in the home market.

That, in the actual ſtate of tillage, the bounty muſt neceſſarily have this tendency, will not, I apprehend, be diſputed by any reaſonable perſon. But it has been thought by many people that it tends to encourage tillage, and that in two different ways; firſt, by opening a more extenſive foreign market to the corn of the farmer, it tends, they imagine, to increaſe the demand for, and conſequently the production of that commodity; and ſecondly, by ſecuring to him a better price than he could otherwiſe expect in the actual ſtate of tillage, it tends, they ſuppoſe, to encourage tillage. This double encouragement muſt, they imagine, in a long period of years, occaſion ſuch an increaſe in the production of corn, as may lower its price in the home market, much more than the bounty can raiſe it, in the actual ſtate which tillage may, at the end of that period, happen to be in.

I anſwer, that whatever extenſion of the foreign market can be occaſioned by the bounty, muſt, in every particular year, be altogether at the expence of the home market; as every buſhel of corn which is exported by means of the bounty, and which would not have been exported without the bounty, would have remained in the home

home market to increaſe the conſumption, and to lower the price of that commodity. The corn bounty, it is to be obſerved, as well as every other bounty upon exportation, impoſes two different taxes upon the people; firſt, the tax which they are obliged to contribute, in order to pay the bounty; and ſecondly, the tax which ariſes from the advanced price of the commodity in the home market, and which, as the whole body of the people are purchaſers of corn, muſt, in this particular commodity, be paid by the whole body of the people. In this particular commodity, therefore, this ſecond tax is by much the heavieſt of the two. Let us ſuppoſe that, taking one year with another, the bounty of five ſhillings upon the exportation of the quarter of wheat, raiſes the price of that commodity in the home market only ſixpence the buſhel, or four ſhillings the quarter, higher than it otherways would have been in the actual ſtate of the crop. Even upon this very moderate ſuppoſition, the great body of the people, over and above contributing the tax which pays the bounty of five ſhillings upon every quarter of wheat exported, muſt pay another of four ſhillings upon every quarter which they themſelves conſume. But, according to the very well informed author of the tracts upon the corn-trade, the average proportion of the corn exported to that conſumed at home, is not more than that of one to thirty-one. For every five ſhillings, therefore, which they contribute to the payment of the firſt tax, they muſt contribute ſix pounds

pounds four ſhillings to the payment of the ſecond. So very heavy a tax upon the firſt neceſſary of life, muſt either reduce the ſubſiſtence of the labouring poor, or it muſt occaſion ſome augmentation in their pecuniary wages, proportionable to that in the pecuniary price of their ſubſiſtence. So far as it operates in the one way, it muſt reduce the ability of the labouring poor to educate and bring up their children, and muſt, ſo far, tend to reſtrain the population of the country. So far as it operates in the other, it muſt reduce the ability of the employers of the poor, to employ ſo great a number as they otherwiſe might do, and muſt, ſo far, tend to reſtrain the induſtry of the country. The extraordinary exportation of corn, therefore, occaſioned by the bounty, not only, in every particular year, diminiſhes the home, juſt as much as it extends the foreign market and conſumption, but, by reſtraining the population and induſtry of the country, its final tendency is to ſtunt and reſtrain the gradual extenſion of the home market; and thereby, in the long run, rather to diminiſh, than to augment, the whole market and conſumption of corn.

This enhancement of the money price of corn, however, it has been thought, by rendering that commodity more profitable to the farmer, muſt neceſſarily encourage its production.

I anſwer, that this might be the caſe if the effect of the bounty was to raiſe the real price of corn, or to enable the farmer, with an equal quantity of it, to maintain a greater number

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of labourers in the ſame manner, whether liberal, moderate, or ſcanty, that other labourers are commonly maintained in his neighbourhood. But neither the bounty, it is evident, nor any other human inſtitution, can have any ſuch effect. It is not the real, but the nominal price of corn, which can in any conſiderable degree be effected by the bounty. And though the tax which that inſtitution impoſes upon the whole body of the people, may be very burdenſome to thoſe who pay it, it is of very little advantage to thoſe who receive it.

The real effect of the bounty is not ſo much to raiſe the real value of corn, as to degrade the real value of ſilver; or to make an equal quantity of it exchange for a ſmaller quantity, not only of corn, but of all other home-made commodities: for the money price of corn regulates that of all other home-made commodities.

It regulates the money price of labour, which muſt always be ſuch as to enable the labourer to purchaſe a quantity of corn ſufficient to maintain him and his family either in the liberal, moderate, or ſcanty manner in which the advancing, ſtationary or declining circumſtances of the ſociety oblige his employers to maintain him.

It regulates the money price of all the other parts of the rude produce of land, which, in every period of improvement, muſt bear a certain proportion to that of corn, though this proportion is different in different periods. It regulates, for example, the money price of graſs and hay, of butcher's meat, of horſes, and the main-

maintenance of horſes, of land carriage conſequently, or of the greater part of the inland commerce of the country. CHAP. V.

By regulating the money price of all the other parts of the rude produce of land, it regulates that of the materials of almoſt all manufactures. By regulating the money price of labour, it regulates that of manufacturing art and induſtry. And by regulating both, it regulates that of the complete manufacture. The money price of labour, and of every thing that is the produce either of land or labour, muſt neceſſarily either riſe or fall in proportion to the money price of corn.

Though in conſequence of the bounty, therefore, the farmer ſhould be enabled to ſell his corn for four ſhillings a buſhel inſtead of three and ſixpence, and to pay his landlord a money rent proportionable to this riſe in the money price of his produce; yet if, in conſequence of this riſe in the price of corn, four ſhillings will purchaſe no more home-made goods of any other kind than three and ſixpence would have done before, neither the circumſtances of the farmer, nor thoſe of the landlord, will be much mended by this change. The farmer will not be able to cultivate much better: the landlord will not be able to live much better. In the purchaſe of foreign commodities this enhancement in the price of corn may give them ſome little advantage. In that of home-made commodities it can give them none at all. And almoſt the whole expence of the farmer, and the far greater part even of that of the landlord, is in home-made commodities,

That degradation in the value of ſilver which is the effect of the fertility of the mines, and which operates equally, or very near equally, through the greater part of the commercial world, is a matter of very little conſequence to any particular country. The conſequent riſe of all money prices, though it does not make thoſe who receive them really richer, does not make them really poorer. A ſervice of plate becomes really cheaper, and every thing elſe remains preciſely of the ſame real value as before.

But that degradation in the value of ſilver which, being the effect either of the peculiar ſituation, or of the political inſtitutions of a particular country, takes place only in that country, is a matter of very great conſequence, which, far from tending to make any body really richer, tends to make every body really poorer. The riſe in the money price of all commodities, which is in this caſe peculiar to that country, tends to diſcourage more or leſs every ſort of induſtry which is carried on within it, and to enable foreign nations, by furniſhing almoſt all ſorts of goods for a ſmaller quantity of ſilver than its own workmen can afford to do, to underſell them, not only in the foreign, but even in the home market.

It is the peculiar ſituation of Spain and Portugal as proprietors of the mines, to be the diſtributors of gold and ſilver to all the other countries of Europe. Thoſe metals ought naturally, therefore, to be ſomewhat cheaper in Spain and Portugal than in any other part of

Europe. The difference, however, ſhould be no more than the amount of the freight and inſurance; and, on account of the great value and ſmall bulk of thoſe metals, their freight is no great matter, and their inſurance is the ſame as that of any other goods of equal value. Spain and Portugal, therefore, could ſuffer very little from their peculiar ſituation, if they did not aggravate its diſadvantages by their political inſtitutions.

Spain by taxing, and Portugal by prohibiting the exportation of gold and ſilver, load that exportation with the expence of ſmuggling, and raiſe the value of thoſe metals in other countries ſo much more above what it is in their own, by the whole amount of this expence. When you dam up a ſtream of water, as ſoon as the dam is full, as much water muſt run over the damhead as if there was no dam at all. The prohibition of exportation cannot detain a greater quantity of gold and ſilver in Spain and Portugal than what they can afford to employ, than what the annual produce of their land and labour will allow them to employ, in coin, plate, gilding, and other ornaments of gold and ſilver. When they have got this quantity the dam is full, and the whole ſtream which flows in afterwards muſt run over. The annual exportation of gold and ſilver from Spain and Portugal accordingly is, by all accounts, notwithſtanding theſe reſtraints, very near equal to the whole annual importation. As the water, however,

BOOK IV.

however, muſt always be deeper behind the dam-head than before it, ſo the quantity of gold and ſilver which theſe reſtraints detain in Spain and Portugal muſt, in proportion to the annual produce of their land and labour, be greater than what is to be found in other countries. The higher and ſtronger the dam-head, the greater muſt be the difference in the depth of water behind and before it. The higher the tax, the higher the penalties with which the prohibition is guarded, the more vigilant and ſevere the police which looks after the execution of the law, the greater muſt be the difference in the proportion of gold and ſilver to the annual produce of the land and labour of Spain and Portugal, and to that of other countries. It is ſaid accordingly to be very conſiderable, and that you frequently find there a profuſion of plate in houſes, where there is nothing elſe which would, in other countries, be thought ſuitable or correſpondent to this ſort of magnificence. The cheapneſs of gold and ſilver, or what is the ſame thing, the dearneſs of all commodities, which is the neceſſary effect of this redundancy of the precious metals, diſcourages both the agriculture and manufactures of Spain and Portugal, and enables foreign nations to ſupply them with many ſorts of rude, and with almoſt all ſorts of manufactured produce, for a ſmaller quantity of gold and ſilver than what they themſelves can either raiſe or make them for at home. The tax and prohibition operate in two different ways. They not

not only lower very much the value of the precious metals in Spain and Portugal, but by detaining there a certain quantity of thoſe metals which would otherwiſe flow over other countries, they keep up their value in thoſe other countries ſomewhat above what it otherwiſe would be, and thereby give thoſe countries a double advantage in their commerce with Spain and Portugal. Open the flood-gates, and there will preſently be leſs water above, and more below, the dam-head, and it will ſoon come to a level in both places. Remove the tax and the prohibition, and as the quantity of gold and ſilver will diminiſh conſiderably in Spain and Portugal, ſo it will increaſe ſomewhat in other countries, and the value of thoſe metals, their proportion to the annual produce of land and labour, will ſoon come to a level, or very near to a level, in all. The loſs which Spain and Portugal could ſuſtain by this exportation of their gold and ſilver would be altogether nominal and imaginary. The nominal value of their goods, and of the annual produce of their land and labour, would fall, and would be expreſſed or repreſented by a ſmaller quantity of ſilver than before: but their real value would be the ſame as before, and would be ſufficient to maintain, command, and employ, the ſame quantity of labour. As the nominal value of their goods would fall, the real value of what remained of their gold and ſilver would riſe, and a ſmaller quantity of thoſe metals would anſwer all the ſame purpoſes of commerce and circulation which had employed a

greater quantity before. The gold and ſilver which would go abroad would not go abroad for nothing, but would bring back an equal value of goods of ſome kind or another. Thoſe goods too would not be all matters of mere luxury and expence, to be conſumed by idle people who produce nothing in return for their conſumption. As the real wealth and revenue of idle people would not be augmented by this extraordinary exportation of gold and ſilver, ſo neither would their conſumption be much augmented by it. Thoſe goods would, probably, the greater part of them, and certainly ſome part of them, conſiſt in materials, tools, and proviſions, for the employment and maintenance of induſtrious people, who would reproduce, with a profit, the full value of their conſumption. A part of the dead ſtock of the ſociety would thus be turned into active ſtock, and would put into motion a greater quantity of induſtry than had been employed before. The annual produce of their land and labour would immediately be augmented a little, and in a few years would, probably, be augmented a great deal; their induſtry being thus relieved from one of the moſt oppreſſive burdens which it at preſent labours under.

The bounty upon the exportation of corn neceſſarily operates exactly in the ſame way as this abſurd policy of Spain and Portugal. Whatever be the actual ſtate of tillage, it renders our corn ſomewhat dearer in the home market than it otherwiſe would be in that ſtate, and

ſomewhat cheaper in the foreign; and as the average money price of corn regulates more or leſs that of all other commodities, it lowers the value of ſilver conſiderably in the one, and tends to raiſe it a little in the other. It enables foreigners, the Dutch in particular, not only to eat our corn cheaper than they otherwiſe could do, but ſometimes to eat it cheaper than even our own people can do upon the ſame occaſions; as we are aſſured by an excellent authority, that of Sir Matthew Decker. It hinders our own workmen from furniſhing their goods for ſo ſmall a quantity of ſilver as they otherwiſe might do; and enables the Dutch to furniſh their's for a ſmaller. It tends to render our manufactures ſomewhat dearer in every market, and their's ſomewhat cheaper than they otherwiſe would be, and conſequently to give their induſtry a double advantage over our own.

The bounty, as it raiſes in the home market, not ſo much the real, as the nominal price of our corn, as it augments, not the quantity of labour which a certain quantity of corn can maintain and employ, but only the quantity of ſilver which it will exchange for, it diſcourages our manufactures, without rendering any conſiderable ſervice either to our farmers or country gentlemen. It puts, indeed, a little more money into the pockets of both, and it will perhaps be ſomewhat difficult to perſuade the greater part of them that this is not rendering them a very conſiderable ſervice. But if this money ſinks in its value, in the quantity of labour, proviſions,

K and home-made commodities of all different kinds which it is capable of purchasing, as much as it rises in its quantity, the service will be little more than nominal and imaginary.

There is, perhaps, but one set of men in the whole commonwealth to whom the bounty either was or could be essentially serviceable. These were the corn merchants, the exporters and importers of corn. In years of plenty the bounty necessarily occasioned a greater exportation than would otherwise have taken place; and by hindering the plenty of one year from relieving the scarcity of another, it occasioned in years of scarcity a greater importation than would otherwise have been necessary. It increased the business of the corn merchant in both; and in years of scarcity, it not only enabled him to import a greater quantity, but to sell it for a better price, and consequently with a greater profit than he could otherwise have made, if the plenty of one year had not been more or less hindered from relieving the scarcity of another. It is in this set of men, accordingly, that I have observed the greatest zeal for the continuance or renewal of the bounty.

Our country gentlemen, when they imposed the high duties upon the importation of foreign corn, which in times of moderate plenty amount to a prohibition, and when they established the bounty, seem to have imitated the conduct of our manufacturers. By the one institution, they secured to themselves the monopoly of the home market, and by the other they endeavoured

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to prevent that market from ever being overstocked with their commodity. By both they endeavoured to raiſe its real value, in the ſame manner as our manufacturers had, by the like inſtitutions, raiſed the real value of many different ſorts of manufactured goods. They did not perhaps attend to the great and eſſential difference which nature has eſtabliſhed between corn and almoſt every other ſort of goods. When, either by the monopoly of the home market, or by a bounty upon exportation, you enable our woollen or linen manufacturers to ſell their goods for ſomewhat a better price than they otherwiſe could get for them, you raiſe, not only the nominal, but the real price of thoſe goods. You render them equivalent to a greater quantity of labour and ſubſiſtence, you encreaſe not only the nominal, but the real profit, the real wealth and revenue of thoſe manufacturers, and you enable them either to live better themſelves, or to employ a greater quantity of labour in thoſe particular manufactures. You really encourage thoſe manufactures, and direct towards them a greater quantity of the induſtry of the country, than what would probably go to them of its own accord. But when by the like inſtitutions you raiſe the nominal or money-price of corn, you do not raiſe its real value. You do not increaſe the real wealth, the real revenue either of our farmers or country gentlemen. You do not encourage the growth of corn, becauſe you do not enable them to maintain and employ more labourers in raiſing it. The nature

of things has ſtamped upon corn a real value which cannot be altered by merely altering its money price. No bounty upon exportation, no monopoly of the home market, can raiſe that value. The freeſt competition cannot lower it. Through the world in general that value is equal to the quantity of labour which it can maintain, and in every particular place it is equal to the quantity of labour which it can maintain in the way, whether liberal, moderate, or ſcanty, in which labour is commonly maintained in that place. Woollen or linen cloth are not the regulating commodities by which the real value of all other commodities muſt be finally meaſured and determined; corn is. The real value of every other commodity is finally meaſured and determined by the proportion which its average money price bears to the average money price of corn. The real value of corn does not vary with thoſe variations in its average money price, which ſometimes occur from one century to another. It is the real value of ſilver which varies with them.

Bounties upon the exportation of any home-made commodity are liable, firſt, to that general objection which may be made to all the different expedients of the mercantile ſyſtem; the objection of forcing ſome part of the induſtry of the country into a channel leſs advantageous than that in which it would run of its own accord: and, ſecondly, to the particular objection of forcing it, not only into a channel that is leſs advantageous, but into one that is actually dif-

advan-

advantageous; the trade which cannot be carried on but by means of a bounty being neceſſarily a loſing trade. The bounty upon the exportation of corn is liable to this further objection, that it can in no reſpect promote the raiſing of that particular commodity of which it was meant to encourage the production. When our country gentlemen, therefore, demanded the eſtabliſhment of the bounty, though they acted in imitation of our merchants and manufacturers, they did not act with that complete comprehenſion of their own intereſt which commonly directs the conduct of thoſe two other orders of people. They loaded the public revenue with a very conſiderable expence; they impoſed a very heavy tax upon the whole body of the people; but they did not, in any ſenſible degree, increaſe the real value of their own commodity; and by lowering ſomewhat the real value of ſilver, they diſcouraged, in ſome degree, the general induſtry of the country, and, inſtead of advancing, retarded more or leſs the improvement of their own lands, which neceſſarily depends upon the general induſtry of the country.

To encourage the production of any commodity, a bounty upon production, one ſhould imagine, would have a more direct operation, than one upon exportation. It would, beſides, impoſe only one tax upon the people, that which they muſt contribute in order to pay the bounty. Inſtead of raiſing, it would tend to lower the price of the commodity in the home market; and thereby, inſtead of impoſing a ſecond tax

upon the people, it might, at leaſt in part, repay them for what they had contributed to the firſt. Bounties upon production, however, have been very rarely granted. The prejudices eſtabliſhed by the commercial ſyſtem have taught us to believe, that national wealth ariſes more immediately from exportation than from production. It has been more favoured accordingly, as the more immediate means of bringing money into the country. Bounties upon production, it has been ſaid too, have been found by experience more liable to frauds than thoſe upon exportation. How far this is true, I know not. That bounties upon exportation have been abuſed to many fraudulent purpoſes, is very well known. But it is not the intereſt of merchants and manufacturers, the great inventors of all theſe expedients, that the home market ſhould be overſtocked with their goods, an event which a bounty upon production might ſometimes occaſion. A bounty upon exportation, by enabling them to ſend abroad the ſurplus part, and to keep up the price of what remains in the home market, effectually prevents this. Of all the expedients of the mercantile ſyſtem, accordingly, it is the one of which they are the fondeſt. I have known the different undertakers of ſome particular works agree privately among themſelves to give a bounty out of their own pockets upon the exportation of a certain proportion of the goods which they dealt in. This expedient ſucceeded ſo well, that it more than doubled the price of their goods in the home market, notwithſtanding

withſtanding a very conſiderable increaſe in the produce. The operation of the bounty upon corn muſt have been wonderfully different, if it has lowered the money price of that commodity.

Something like a bounty upon production, however, has been granted upon ſome particular occaſions. The tonnage bounties given to the white-herring and whale-fiſheries may, perhaps, be conſidered as ſomewhat of this nature. They tend directly, it may be ſuppoſed, to render the goods cheaper in the home market than they otherwiſe would be. In other reſpects their effects, it muſt be acknowledged, are the ſame as thoſe of bounties upon exportation. By means of them a part of the capital of the country is employed in bringing goods to market, of which the price does not repay the coſt, together with the ordinary profits of ſtock.

But though the tonnage bounties to thoſe fiſheries do not contribute to the opulence of the nation, it may perhaps be thought that they contribute to its defence, by augmenting the number of its ſailors and ſhipping. This, it may be alleged, may ſometimes be done by means of ſuch bounties at a much ſmaller expence, than by keeping up a great ſtanding navy, if I may uſe ſuch an expreſſion, in the ſame way as a ſtanding army.

Notwithſtanding theſe favourable allegations, however, the following conſiderations diſpoſe me to believe, that in granting at leaſt one of theſe bounties, the legiſlature has been very groſsly impoſed upon.

Firſt,

First, the herring buſs bounty ſeems too large. From the commencement of the winter fiſhing 1771 to the end of the winter fiſhing 1781, the tonnage bounty upon the herring buſs fiſhery has been at thirty ſhillings the ton. During theſe eleven years the whole number of barrels caught by the herring buſs fiſhery of Scotland amounted to 378,347. The herrings caught and cured at ſea, are called ſea ſticks. In order to render them what are called merchantable herrings, it is neceſſary to repack them with an additional quantity of ſalt; and in this caſe, it is reckoned, that three barrels of ſea ſticks, are uſually repacked into two barrels of merchantable herrings. The number of barrels of merchantable herrings, therefore, caught during theſe eleven years, will amount only, according to this account, to 252,231$\frac{1}{7}$. During theſe eleven years the tonnage bounties paid amounted to 155,463*l.* 11*s.* or to 8*s.* 2$\frac{1}{4}$*d.* upon every barrel of ſea ſticks, and to 12*s.* 3$\frac{1}{4}$*d.* upon every barrel of merchantable herrings.

The ſalt with which theſe herrings are cured, is ſometimes Scotch, and ſometimes foreign ſalt; both which are delivered free of all exciſe duty to the fiſh-curers. The exciſe duty upon Scotch ſalt is at preſent 1*s.* 6*d.* that upon foreign ſalt 10*s.* the buſhel. A barrel of herrings is ſuppoſed to require about one buſhel and one-fourth of a buſhel foreign ſalt. Two buſhels are the ſuppoſed average of Scotch ſalt. If the herrings are entered for exportation, no part of this duty is paid up; if entered for home conſumption, whether

whether the herrings were cured with foreign or with Scotch ſalt, only one ſhilling the barrel is paid up. It was the whole Scotch duty upon a buſhel of ſalt, the quantity which, at a low eſtimation, had been ſuppoſed neceſſary for curing a barrel of herrings. In Scotland, foreign ſalt is very little uſed for any other purpoſe but the curing of fiſh. But from the 5th April 1771, to the 5th April 1782, the quantity of foreign ſalt imported amounted to 936,974 buſhels, at eighty-four pounds the buſhel: the quantity of Scotch ſalt delivered from the works to the fiſh-curers, to no more than 168,226, at fifty-ſix pounds the buſhel only. It would appear, therefore, that it is principally foreign ſalt that is uſed in the fiſheries. Upon every barrel of herrings exported there is, beſides, a bounty of 2*s.* 8*d.* and more than two-thirds of the buſs caught herrings are exported. Put all theſe things together, and you will find that, during theſe eleven years, every barrel of buſs caught herrings, cured with Scotch ſalt when exported, has coſt government 17*s.* 11¼*d.*; and when entered for home conſumption 14*s.* 3¼*d.*: and that every barrel cured with foreign ſalt, when exported, has coſt government 1*l.* 7*s.* 5¼*d.*; and when entered for home conſumption 1*l.* 3*s.* 9¼*d.* The price of a barrel of good merchantable herrings runs from ſeventeen and eighteen to four and five and twenty ſhillings; about a guinea at an average*.

* See the accounts at the end of the volume.

Secondly,

Secondly, the bounty to the white herring fiſhery is a tonnage bounty; and is proportioned to the burden of the ſhip, not to her diligence or ſucceſs in the fiſhery; and it has, I am afraid, been too common for veſſels to fit out for the ſole purpoſe of catching, not the fiſh, but the bounty. In the year 1759, when the bounty was at fifty ſhillings the ton, the whole buſs fiſhery of Scotland brought in only four barrels of ſea ſticks. In that year each barrel of ſea ſticks coſt government in bounties alone 113*l.* 15*s.*; each barrel of merchantable herrings 159*l.* 7*s.* 6*d.*

Thirdly, the mode of fiſhing for which this tonnage bounty in the white herring fiſhery has been given (by buſſes or decked veſſels from twenty to eighty tons burthen), ſeems not ſo well adapted to the ſituation of Scotland as to that of Holland; from the practice of which country it appears to have been borrowed. Holland lies at a great diſtance from the ſeas to which herrings are known principally to reſort; and can, therefore, carry on that fiſhery only in decked veſſels, which can carry water and proviſions ſufficient for a voyage to a diſtant ſea. But the Hebrides or weſtern iſlands, the iſlands of Shetland, and the northern and north-weſtern coaſts of Scotland, the countries in whoſe neighbourhood the herring fiſhery is principally carried on, are every where interſected by arms of the ſea, which run up a conſiderable way into the land, and, which, in the language of the country, are called ſea-lochs. It is to theſe ſea-lochs that the herrings principally reſort during the ſea-

ſons

ſons in which they viſit thoſe ſeas; for the viſits of this, and, I am aſſured, of many other ſorts of fiſh, are not quite regular and conſtant. A boat fiſhery, therefore, ſeems to be the mode of fiſhing beſt adapted to the peculiar ſituation of Scotland: the fiſhers carrying the herrings on ſhore, as faſt as they are taken, to be either cured or conſumed freſh. But the great encouragement which a bounty of thirty ſhillings the ton gives to the buſs fiſhery, is neceſſarily a diſcouragement to the boat fiſhery; which, having no ſuch bounty, cannot bring its cured fiſh to market upon the ſame terms as the buſs fiſhery. The boat fiſhery, accordingly, which, before the eſtabliſhment of the buſs bounty, was very conſiderable, and is ſaid to have employed a number of ſeamen, not inferior to what the buſs fiſhery employs at preſent, is now gone almoſt entirely to decay. Of the former extent, however, of this now ruined and abandoned fiſhery, I muſt acknowledge, that I cannot pretend to ſpeak with much preciſion. As no bounty was paid upon the outfit of the boat-fiſhery, no account was taken of it by the officers of the cuſtoms or ſalt duties.

Fourthly, in many parts of Scotland, during certain ſeaſons of the year, herrings make no inconſiderable part of the food of the common people. A bounty, which tended to lower their price in the home market, might contribute a good deal to the relief of a great number of our fellow-ſubjects, whoſe circumſtances are by no means affluent. But the herring buſs bounty contributes to no ſuch good purpoſe. It has ruined the boat fiſhery, which is, by far, the beſt

beſt adapted for the ſupply of the home market, and the additional bounty of 2*s.* 8*d.* the barrel upon exportation, carries the greater part, more than two thirds, of the produce of the buſs fiſhery abroad. Between thirty and forty years ago, before the eſtabliſhment of the buſs bounty, ſixteen ſhillings the barrel, I have been aſſured, was the common price of white herrings. Between ten and fifteen years ago, before the boat fiſhery was entirely ruined, the price is ſaid to have run from ſeventeen to twenty ſhillings the barrel. For theſe laſt five years, it has, at an average, been at twenty-five ſhillings the barrel. This high price, however, may have been owing to the real ſcarcity of the herrings upon the coaſt of Scotland. I muſt obſerve too, that the caſk or barrel, which is uſually ſold with the herrings, and of which the price is included in all the foregoing prices, has, ſince the commencement of the American war, riſen to about double its former price, or from about three ſhillings to about ſix ſhillings. I muſt likewiſe obſerve, that the accounts I have received of the prices of former times, have been by no means quite uniform and conſiſtent; and an old man of great accuracy and experience has aſſured me, that more than fifty years ago, a guinea was the uſual price of a barrel of good merchantable herrings; and this, I imagine, may ſtill be looked upon as the average price. All accounts, however, I think, agree, that the price has not been lowered in the home market, in conſequence of the buſs bonnty.

When

When the undertakers of fisheries, after such liberal bounties have been bestowed upon them, continue to sell their commodity at the same, or even at a higher price than they were accustomed to do before, it might be expected that their profits should be very great; and it is not improbable that those of some individuals may have been so. In general, however, I have every reason to believe, they have been quite otherwise. The usual effect of such bounties is to encourage rash undertakers to adventure in a business which they do not understand, and what they lose by their own negligence and ignorance, more than compensates all that they can gain by the utmost liberality of government. In 1750, by the same act which first gave the bounty of thirty shillings the ton for the encouragement of the white herring fishery (the 23 Geo. II. chap. 24.), a joint stock company was erected, with a capital of five hundred thousand pounds, to which the subscribers (over and above all other encouragements, the tonnage bounty just now mentioned, the exportation bounty of two shillings and eight pence the barrel, the delivery of both British and foreign salt duty free,) were, during the space of fourteen years, for every hundred pounds which they subscribed and paid into the stock of the society, entitled to three pounds a year, to be paid by the receiver-general of the customs in equal half-yearly payments. Besides this great company, the residence of whose governor and directors was to be in London, it was declared

lawful

lawful to erect different fishing-chambers in all the different out-ports of the kingdom, provided a sum not less than ten thousand pounds was subscribed into the capital of each, to be managed at its own risk, and for its own profit and loss. The same annuity, and the same encouragements of all kinds, were given to the trade of those inferior chambers, as to that of the great company. The subscription of the great company was soon filled up, and several different fishing-chambers were erected in the different out-ports of the kingdom. In spite of all these encouragements, almost all those different companies, both great and small, lost either the whole, or the greater part of their capitals; scarce a vestige now remains of any of them, and the white herring fishery is now entirely, or almost entirely, carried on by private adventurers.

If any particular manufacture was necessary, indeed, for the defence of the society, it might not always be prudent to depend upon our neighbours for the supply; and if such manufacture could not otherwise be supported at home, it might not be unreasonable that all the other branches of industry should be taxed in order to support it. The bounties upon the exportation of British-made sail-cloth, and British-made gun-powder, may, perhaps, both be vindicated upon this principle.

But though it can very seldom be reasonable to tax the industry of the great body of the people, in order to support that of some particular

ticular claſs of manufacturers; yet in the wantonneſs of great proſperity, when the public enjoys a greater revenue than it knows well what to do with, to give ſuch bounties to favourite manufactures, may, perhaps, be as natural, as to incur any other idle expence. In public, as well as in private expences, great wealth may, perhaps, frequently be admitted as an apology for great folly. But there muſt ſurely be ſomething more than ordinary abſurdity, in continuing ſuch profuſion in times of general difficulty and diſtreſs.

What is called a bounty is ſometimes no more than a drawback, and conſequently is not liable to the ſame objections as what is properly a bounty. The bounty, for example, upon refined ſugar exported, may be conſidered as a drawback of the duties upon the brown and muſcovado ſugars, from which it is made. The bounty upon wrought ſilk exported, a drawback of the duties upon raw and thrown ſilk imported. The bounty upon gunpowder exported, a drawback of the duties upon brimſtone and ſaltpetre imported. In the language of the cuſtoms thoſe allowances only are called drawbacks, which are given upon goods exported in the ſame form in which they are imported. When that form has been ſo altered by manufacture of any kind, as to come under a new denomination, they are called bounties.

Premiums given by the public to artiſts and manufacturers who excel in their particular occupations, are not liable to the ſame objections

as bounties. By encouraging extraordinary dexterity and ingenuity, they serve to keep up the emulation of the workmen actually employed in those respective occupations, and are not considerable enough to turn towards any one of them a greater share of the capital of the country than what would go to it of its own accord. Their tendency is not to overturn the natural balance of employments, but to render the work which is done in each as perfect and complete as possible. The expence of premiums, besides, is very trifling; that of bounties very great. The bounty upon corn alone has sometimes cost the public in one year more than three hundred thousand pounds.

Bounties are sometimes called premiums, as drawbacks are sometimes called bounties. But we must in all cases attend to the nature of the thing, without paying any regard to the word.

Digression concerning the Corn Trade and Corn Laws.

I CANNOT conclude this chapter concerning bounties, without observing that the praises which have been bestowed upon the law which establishes the bounty upon the exportation of corn, and upon that system of regulations which is connected with it, are altogether unmerited. A particular examination of the nature of the corn trade, and of the principal British laws which relate to it, will sufficiently demonstrate the

the truth of this aſſertion. The great importance of this ſubject muſt juſtify the length of the digreſſion.

The trade of the corn merchant is compoſed of four different branches, which, though they may ſometimes be all carried on by the ſame perſon, are in their own nature four ſeparate and diſtinct trades. Theſe are, firſt, the trade of the inland dealer; ſecondly, that of the merchant importer for home conſumption; thirdly, that of the merchant exporter of home produce for foreign conſumption; and, fourthly, that of the merchant carrier, or of the importer of corn in order to export it again.

I. The intereſt of the inland dealer, and that of the great body of the people, how oppoſite ſoever they may at firſt ſight appear, are, even in years of the greateſt ſcarcity, exactly the ſame. It is his intereſt to raiſe the price of his corn as high as the real ſcarcity of the ſeaſon requires, and it can never be his intereſt to raiſe it higher. By raiſing the price he diſcourages the conſumption, and puts every body, more or leſs, but particularly the inferior ranks of people, upon thriſt and good management. If, by raiſing it too high, he diſcourages the conſumption ſo much, that the ſupply of the ſeaſon is likely to go beyond the conſumption of the ſeaſon, and to laſt for ſome time after the next crop begins to come in, he runs the hazard, not only of loſing a conſiderable part of his corn by natural cauſes, but of being obliged to ſell what remains of it for much leſs than what he might have had

BOOK IV.

for it ſeveral months before. If by not raiſing the price high enough he diſcourages the conſumption ſo little, that the ſupply of the ſeaſon is likely to fall ſhort of the conſumption of the ſeaſon, he not only loſes a part of the profit which he might otherwiſe have made, but he expoſes the people to ſuffer before the end of the ſeaſon, inſtead of the hardſhips of a dearth, the dreadful horrors of a famine. It is the intereſt of the people, that their daily, weekly, and monthly conſumption, ſhould be proportioned as exactly as poſſible to the ſupply of the ſeaſon. The intereſt of the inland corn dealer is the ſame. By ſupplying them, as nearly as he can judge, in this proportion, he is likely to ſell all his corn for the higheſt price, and with the greateſt profit; and his knowledge of the ſtate of the crop, and of his daily, weekly, and monthly ſales, enable him to judge, with more or leſs accuracy, how far they really are ſupplied in this manner. Without intending the intereſt of the people, he is neceſſarily led, by a regard to his own intereſt, to treat them, even in years of ſcarcity, pretty much in the ſame manner as the prudent maſter of a veſſel is ſometimes obliged to treat his crew. When he foreſees that proviſions are likely to run ſhort, he puts them upon ſhort allowance. Though from exceſs of caution he ſhould ſometimes do this without any real neceſſity, yet all the inconveniencies which his crew can thereby ſuffer are inconſiderable, in compariſon of the danger, miſery, and ruin, to which they might ſometimes be expoſed by a leſs

provident

provident conduct. Though from excess of avarice, in the same manner, the inland corn merchant should sometimes raise the price of his corn somewhat higher than the scarcity of the season requires, yet all the inconveniencies which the people can suffer from this conduct, which effectually secures them from a famine in the end of the season, are inconsiderable, in comparison of what they might have been exposed to by a more liberal way of dealing in the beginning of it. The corn merchant himself is likely to suffer the most by this excess of avarice; not only from the indignation which it generally excites against him, but, though he should escape the effects of this indignation, from the quantity of corn which it necessarily leaves upon his hands in the end of the season, and which, if the next season happens to prove favourable, he must always sell for a much lower price than he might otherwise have had.

Were it possible, indeed, for one great company of merchants to possess themselves of the whole crop of an extensive country, it might, perhaps, be their interest to deal with it as the Dutch are said to do with the spiceries of the Moluccas, to destroy or throw away a considerable part of it, in order to keep up the price of the rest. But it is scarce possible, even by the violence of law, to establish such an extensive monopoly with regard to corn; and, wherever the law leaves the trade free, it is of all commodities the least liable to be engrossed or monopolized by the force of a few large capitals,

which buy up the greater part of it. Not only its value far exceeds what the capitals of a few private men are capable of purchaſing, but ſuppoſing they were capable of purchaſing it, the manner in which it is produced renders this purchaſe altogether impracticable. As in every civilized country it is the commodity of which the annual conſumption is the greateſt, ſo a greater quantity of induſtry is annually employed in producing corn than in producing any other commodity. When it firſt comes from the ground too, it is neceſſarily divided among a greater number of owners than any other commodity; and theſe owners can never be collected into one place like a number of independent manufacturers, but are neceſſarily ſcattered through all the different corners of the country. Theſe firſt owners either immediately ſupply the conſumers in their own neighbourhood, or they ſupply other inland dealers, who ſupply thoſe conſumers. The inland dealers in corn, therefore, including both the farmer and the baker, are neceſſarily more numerous than the dealers in any other commodity, and their diſperſed ſituation renders it altogether impoſſible for them to enter into any general combination. If in a year of ſcarcity, therefore, any of them ſhould find that he had a good deal more corn upon hand than, at the current price, he could hope to diſpoſe of before the end of the ſeaſon, he would never think of keeping up this price to his own loſs, and to the ſole benefit of his rivals and competitors, but would immediately lower it,

it, in order to get rid of his corn before the new crop began to come in. The ſame motives, the ſame intereſts, which would thus regulate the conduct of any one dealer, would regulate that of every other, and oblige them all in general to ſell their corn at the price which, according to the beſt of their judgment, was moſt ſuitable to the ſcarcity or plenty of the ſeaſon.

Whoever examines, with attention, the hiſtory of the dearths and ſamines which have afflicted any part of Europe, during either the courſe of the preſent, or that of the two preceding centuries, of ſeveral of which we have pretty exact accounts, will find, I believe, that a dearth never has ariſen from any combination among the inland dealers in corn, nor from any other cauſe but a real ſcarcity, occaſioned ſometimes, perhaps, and in ſome particular places, by the waſte of war, but in by far the greateſt number of caſes, by the fault of the ſeaſons; and that a famine has never ariſen from any other cauſe but the violence of government attempting, by improper means, to remedy the inconveniencies of a dearth.

In an extenſive corn country, between all the different parts of which there is a free commerce and communication, the ſcarcity occaſioned by the moſt unfavourable ſeaſons can never be ſo great as to produce a famine; and the ſcantieſt crop, if managed with frugality and œconomy, will maintain, through the year, the ſame number of people that are commonly fed in a more affluent manner by one of moderate plenty.

BOOK IV.

The ſeaſons moſt unfavourable to the crop are thoſe of exceſſive drought or exceſſive rain. But, as corn grows equally upon high and low lands, upon grounds that are diſpoſed to be too wet, and upon thoſe that are diſpoſed to be too dry, either the drought or the rain which is hurtful to one part of the country is favourable to another; and though both in the wet and in the dry ſeaſon the crop is a good deal leſs than in one more properly tempered, yet in both what is loſt in one part of the country is in ſome meaſure compenſated by what is gained in the other. In rice countries, where the crop not only requires a very moiſt ſoil, but where, in a certain period of its growing, it muſt be laid under water, the effects of a drought are much more diſmal. Even in ſuch countries, however, the drought is, perhaps, ſcarce ever ſo univerſal, as neceſſarily to occaſion a famine, if the government would allow a free trade. The drought in Bengal, a few years ago, might probably have occaſioned a very great dearth. Some improper regulations, ſome injudicious reſtraints, impoſed by the ſervants of the Eaſt India Company upon the rice trade, contributed, perhaps, to turn that dearth into a famine.

When the government, in order to remedy the inconveniencies of a dearth, orders all the dealers to ſell their corn at what it ſuppoſes a reaſonable price, it either hinders them from bringing it to market, which may ſometimes produce a famine, even in the beginning of the ſeaſon; or if they bring it thither, it enables the

the people, and thereby encourages them to consume it so fast, as must necessarily produce a famine before the end of the season. The unlimited, unrestrained freedom of the corn trade, as it is the only effectual preventative of the miseries of a famine, so it is the best palliative of the inconveniencies of a dearth; for the inconveniencies of a real scarcity cannot be remedied; they can only be palliated. No trade deserves more the full protection of the law, and no trade requires it so much; because no trade is so much exposed to popular odium.

In years of scarcity the inferior ranks of people impute their distress to the avarice of the corn merchant, who becomes the object of their hatred and indignation. Instead of making profit upon such occasions, therefore, he is often in danger of being utterly ruined, and of having his magazines plundered and destroyed by their violence. It is in years of scarcity, however, when prices are high, that the corn merchant expects to make his principal profit. He is generally in contract with some farmers to furnish him for a certain number of years with a certain quantity of corn at a certain price. This contract price is settled according to what is supposed to be the moderate and reasonable, that is, the ordinary or average price, which, before the late years of scarcity, was commonly about eight-and-twenty-shillings for the quarter of wheat, and for that of other grain in proportion. In years of scarcity, therefore, the corn merchant buys a great part of his corn for the ordinary price,

price, and ſells it for a much higher. That this extraordinary profit, however, is no more than ſufficient to put his trade upon a fair level with other trades, and to compenſate the many loſſes which he ſuſtains upon other occaſions, both from the periſhable nature of the commodity itſelf, and from the frequent and unforeſeen fluctuations of its price, ſeems evident enough, from this ſingle circumſtance, that great fortunes are as ſeldom made in this as in any other trade. The popular odium, however, which attends it in years of ſcarcity, the only years in which it can be very profitable, renders people of character and fortune averſe to enter into it. It is abandoned to an inferior ſet of dealers; and millers, bakers, mealmen, and meal factors, together with a number of wretched huckſters, are almoſt the only middle people that, in the home market, come between the grower and the conſumer.

The ancient policy of Europe, inſtead of diſcountenancing this popular odium againſt a trade ſo beneficial to the public, ſeems, on the contrary, to have authoriſed and encouraged it.

By the 5th and 6th of Edward VI. cap. 14. it was enacted, That whoever ſhould buy any corn or grain with intent to ſell it again, ſhould be reputed an unlawful engroſſer, and ſhould, for the firſt fault, ſuffer two months impriſonment, and forfeit the value of the corn; for the ſecond, ſuffer ſix months impriſonment, and forfeit double the value; and for the third, be ſet in the pillory, ſuffer impriſonment during the king's pleaſure,

pleaſure, and forfeit all his goods and chattels. The ancient policy of moſt other parts of Europe was no better than that of England.

Our anceſtors ſeem to have imagined that the people would buy their corn cheaper of the farmer than of the corn merchant, who, they were afraid, would require, over and above the price which he paid to the farmer, an exorbitant profit to himſelf. They endeavoured, therefore, to annihilate his trade altogether. They even endeavoured to hinder as much as poſſible any middle man of any kind from coming in between the grower and the conſumer; and this was the meaning of the many reſtraints which they impoſed upon the trade of thoſe whom they called kidders or carriers of corn, a trade which nobody was allowed to exerciſe without a licence aſcertaining his qualifications as a man of probity and fair dealing. The authority of three juſtices of the peace was, by the ſtatute of Edward VI. neceſſary, in order to grant this licence. But even this reſtraint was afterwards thought inſufficient, and by a ſtatute of Elizabeth, the privilege of granting it was confined to the quarter-ſeſſions.

The ancient policy of Europe endeavoured in this manner to regulate agriculture, the great trade of the country, by maxims quite different from thoſe which it eſtabliſhed with regard to manufactures, the great trade of the towns. By leaving the farmer no other cuſtomers but either the conſumers or their immediate factors, the kidders and carriers of corn, it endeavoured to

force him to exercise the trade, not only of a farmer, but of a corn merchant or corn retailer. On the contrary, it in many cases prohibited the manufacturer from exercising the trade of a shopkeeper, or from selling his own goods by retail. It meant by the one law to promote the general interest of the country, or to render corn cheap, without, perhaps, its being well understood how this was to be done. By the other it meant to promote that of a particular order of men, the shopkeepers, who would be so much undersold by the manufacturer, it was supposed, that their trade would be ruined if he was allowed to retail at all.

The manufacturer, however, though he had been allowed to keep a shop, and to sell his own goods by retail, could not have undersold the common shopkeeper. Whatever part of his capital he might have placed in his shop, he must have withdrawn it from his manufacture. In order to carry on his business on a level with that of other people, as he must have had the profit of a manufacturer on the one part, so he must have had that of a shopkeeper upon the other. Let us suppose, for example, that in the particular town where he lived, ten per cent. was the ordinary profit both of manufacturing and shopkeeping stock; he must in this case have charged upon every piece of his own goods which he sold in his shop, a profit of twenty per cent. When he carried them from his workhouse to his shop, he must have valued them at the price for which he could have sold them to a dealer

dealer or ſhopkeeper, who would have bought them by wholeſale. If he valued them lower, he loſt a part of the profit of his manufacturing capital. When again he ſold them from his ſhop, unleſs he got the ſame price at which a ſhopkeeper would have ſold them, he loſt a part of the profit of his ſhopkeeping capital. Though he might appear, therefore, to make a double profit upon the ſame piece of goods, yet as theſe goods made ſucceſſively a part of two diſtinct capitals, he made but a ſingle profit upon the whole capital employed about them; and if he made leſs than his profit, he was a loſer, or did not employ his whole capital with the ſame advantage as the greater part of his neighbours.

What the manufacturer was prohibited to do, the farmer was in ſome meaſure enjoined to do; to divide his capital between two different employments; to keep one part of it in his granaries and ſtack yard, for ſupplying the occaſional demands of the market; and to employ the other in the cultivation of his land. But as he could not afford to employ the latter for leſs than the ordinary profits of farming ſtock, ſo he could as little afford to employ the former for leſs than the ordinary profits of mercantile ſtock. Whether the ſtock which really carried on the buſineſs of the corn merchant belonged to the perſon who was called a farmer, or to the perſon who was called a corn merchant, an equal profit was in both caſes requiſite, in order to indemnify its owner for employing it in this manner; in order to put his buſineſs upon a level with other trades,

trades, and in order to hinder him from having an interest to change it as soon as possible for some other. The farmer, therefore, who was thus forced to exercise the trade of a corn merchant, could not afford to sell his corn cheaper than any other corn merchant would have been obliged to do in the case of a free competition.

The dealer who can employ his whole stock in one single branch of business, has an advantage of the same kind with the workman who can employ his whole labour in one single operation. As the latter acquires a dexterity which enables him, with the same two hands, to perform a much greater quantity of work; so the former acquires so easy and ready a method of transacting his business, of buying and disposing of his goods, that with the same capital he can transact a much greater quantity of business. As the one can commonly afford his work a good deal cheaper, so the other can commonly afford his goods somewhat cheaper than if his stock and attention were both employed about a greater variety of objects. The greater part of manufacturers could not afford to retail their own goods so cheap as a vigilant and active shopkeeper, whose sole business it was to buy them by wholesale, and to retail them again. The greater part of farmers could still less afford to retail their own corn, to supply the inhabitants of a town, at perhaps four or five miles distance from the greater part of them, so cheap as a vigilant and active corn merchant, whose sole

ſole buſineſs it was to purchaſe corn by wholeſale, to collect it into a great magazine, and to retail it again.

The law which prohibited the manufacturer from exerciſing the trade of a ſhopkeeper, endeavoured to force this diviſion in the employment of ſtock to go on faſter than it might otherwiſe have done. The law which obliged the farmer to exerciſe the trade of a corn merchant, endeavoured to hinder it from going on ſo faſt. Both laws were evident violations of natural liberty, and therefore unjuſt; and they were both too as impolitic as they were unjuſt. It is the intereſt of every ſociety, that things of this kind ſhould never either be forced or obſtructed. The man who employs either his labour or his ſtock in a greater variety of ways than his ſituation renders neceſſary, can never hurt his neighbour by underſelling him. He may hurt himſelf, and he generally does ſo. Jack of all trades will never be rich, ſays the proverb. But the law ought always to truſt people with the care of their own intereſt, as in their local ſituations they muſt generally be able to judge better of it than the legiſlator can do. The law, however, which obliged the farmer to exerciſe the trade of a corn merchant, was by far the moſt pernicious of the two.

It obſtructed not only that diviſion in the employment of ſtock which is ſo advantageous to every ſociety, but it obſtructed likewiſe the improvement and cultivation of the land. By obliging the farmer to carry on two trades inſtead

ſtead of one, it forced him to divide his capital into two parts, of which one only could be employed in cultivation. But if he had been at liberty to ſell his whole crop to a corn merchant as faſt as he could threſh it out, his whole capital might have returned immediately to the land, and have been employed in buying more cattle, and hiring more ſervants, in order to improve and cultivate it better. But by being obliged to ſell his corn by retail, he was obliged to keep a great part of his capital in his granaries and ſtack yard through the year, and could not, therefore, cultivate ſo well as with the ſame capital he might otherwiſe have done. This law, therefore, neceſſarily obſtructed the improvement of the land, and, inſtead of tending to render corn cheaper, muſt have tended to render it ſcarcer, and therefore dearer, than it would otherwiſe have been.

After the buſineſs of the farmer, that of the corn merchant is in reality the trade which, if properly protected and encouraged, would contribute the moſt to the raiſing of corn. It would ſupport the trade of the farmer, in the ſame manner as the trade of the wholeſale dealer ſupports that of the manufacturer.

The wholeſale dealer, by affording a ready market to the manufacturer, by taking his goods off his hand as faſt as he can make them, and by ſometimes even advancing their price to him before he has made them, enables him to keep his whole capital, and ſometimes even more than his whole capital, conſtantly employed in manu-

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facturing, and consequently to manufacture a much greater quantity of goods than if he was obliged to dispose of them himself to the immediate consumers, or even to the retailers. As the capital of the wholesale merchant too is generally sufficient to replace that of many manufacturers, this intercourse between him and them interests the owner of a large capital to support the owners of a great number of small ones, and to assist them in those losses and misfortunes which might otherwise prove ruinous to them.

An intercourse of the same kind universally established between the farmers and the corn merchants, would be attended with effects equally beneficial to the farmers. They would be enabled to keep their whole capitals, and even more than their whole capitals, constantly employed in cultivation. In case of any of those accidents, to which no trade is more liable than theirs, they would find in their ordinary customer, the wealthy corn merchant, a person who had both an interest to support them, and the ability to do it, and they would not, as at present, be entirely dependent upon the forbearance of their landlord, or the mercy of his steward. Were it possible, as perhaps it is not, to establish this intercourse universally, and all at once, were it possible to turn all at once the whole farming stock of the kingdom to its proper business, the cultivation of land, withdrawing it from every other employment into which any part of it may be at present diverted, and were it possible, in order to support and assist upon occasion the

operations of this great ſtock, to provide all at once another ſtock almoſt equally great, it is not perhaps very eaſy to imagine how great, how extenſive, and how ſudden would be the improvement which this change of circumſtances would alone produce upon the whole face of the country.

The ſtatute of Edward VI., therefore, by prohibiting as much as poſſible any middle man from coming in between the grower and the conſumer, endeavoured to annihilate a trade, of which the free exerciſe is not only the beſt palliative of the inconveniencies of a dearth, but the beſt preventative of that calamity: after the trade of the farmer, no trade contributing ſo much to the growing of corn as that of the corn merchant.

The rigour of this law was afterwards ſoftened by ſeveral ſubſequent ſtatutes, which ſucceſſively permitted the engroſſing of corn when the price of wheat ſhould not exceed twenty, twenty-four, thirty-two, and forty ſhillings the quarter. At laſt, by the 15th of Charles II. c. 7. the engroſſing or buying of corn in order to ſell it again, as long as the price of wheat did not exceed forty-eight ſhillings the quarter, and that of other grain in proportion, was declared lawful to all perſons not being foreſtallers, that is, not ſelling again in the ſame market within three months. All the freedom which the trade of the inland corn dealer has ever yet enjoyed, was beſtowed upon it by this ſtatute. The ſtatute of the twelfth of the preſent King, which repeals almoſt

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all the other ancient laws againſt engroſſers and foreſtallers, does not repeal the reſtrictions of this particular ſtatute, which therefore ſtill continue in force.

This ſtatute, however, authoriſes in ſome meaſure two very abſurd popular prejudices.

Firſt, it ſuppoſes that when the price of wheat has riſen ſo high as forty-eight ſhillings the quarter, and that of other grain in proportion, corn is likely to be ſo engroſſed as to hurt the people. But from what has been already ſaid, it ſeems evident enough that corn can at no price be ſo engroſſed by the inland dealers as to hurt the people: and forty-eight ſhillings the quarter beſides, though it may be conſidered as a very high price, yet in years of ſcarcity it is a price which frequently takes place immediately after harveſt, when ſcarce any part of the new crop can be ſold off, and when it is impoſſible even for ignorance to ſuppoſe that any part of it can be ſo engroſſed as to hurt the people.

Secondly, it ſuppoſes that there is a certain price at which corn is likely to be foreſtalled, that is, bought up in order to be ſold again ſoon after in the ſame market, ſo as to hurt the people. But if a merchant ever buys up corn, either going to a particular market or in a particular market, in order to ſell it again ſoon after in the ſame market, it muſt be becauſe he judges that the market cannot be ſo liberally ſupplied through the whole ſeaſon as upon that particular occaſion, and that the price, therefore, muſt ſoon riſe. If he judges wrong in this, and if the

price does not rise, he not only loses the whole profit of the stock which he employs in this manner, but a part of the stock itself, by the expence and loss which necessarily attend the storing and keeping of corn. He hurts himself, therefore, much more essentially than he can hurt even the particular people whom he may hinder from supplying themselves upon that particular market day, because they may afterwards supply themselves just as cheap upon any other market day. If he judges right, instead of hurting the great body of the people, he renders them a most important service. By making them feel the inconveniencies of a dearth somewhat earlier than they otherwise might do, he prevents their feeling them afterwards so severely as they certainly would do, if the cheapness of price encouraged them to consume faster than suited the real scarcity of the season. When the scarcity is real, the best thing that can be done for the people is to divide the inconveniencies of it as equally as possible through all the different months, and weeks, and days of the year. The interest of the corn merchant makes him study to do this as exactly as he can: and as no other person can have either the same interest, or the same knowledge, or the same abilities to do it so exactly as he, this most important operation of commerce ought to be trusted entirely to him; or, in other words, the corn trade, so far at least as concerns the supply of the home market, ought to be left perfectly free.

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The popular fear of engrossing and forestalling may be compared to the popular terrors and suspicions of witchcraft. The unfortunate wretches accused of this latter crime were not more innocent of the misfortunes imputed to them, than those who have been accused of the former. The law which put an end to all prosecutions against witchcraft, which put it out of any man's power to gratify his own malice by accusing his neighbour of that imaginary crime, seems effectually to have put an end to those fears and suspicions, by taking away the great cause which encouraged and supported them. The law which should restore entire freedom to the inland trade of corn, would probably prove as effectual to put an end to the popular fears of engrossing and forestalling.

The 15th of Charles II. c. 7. however, with all its imperfections, has perhaps contributed more both to the plentiful supply of the home market, and to the increase of tillage, than any other law in the statute book. It is from this law that the inland corn trade has derived all the liberty and protection which it has ever yet enjoyed; and both the supply of the home market, and the interest of tillage, are much more effectually promoted by the inland, than either by the importation or exportation trade.

The proportion of the average quantity of all sorts of grain imported into Great Britain to that of all sorts of grain consumed, it has been computed by the author of the tracts upon the corn trade, does not exceed that of one to five

hundred and ſeventy. For ſupplying the home market, therefore, the importance of the inland trade muſt be to that of the importation trade as five hundred and ſeventy to one.

The average quantity of all ſorts of grain exported from Great Britain does not, according to the ſame author, exceed the one-and-thirtieth part of the annual produce. For the encouragement of tillage, therefore, by providing a market for the home produce, the importance of the inland trade muſt be to that of the exportation trade as thirty to one.

I have no great faith in political arithmetic, and I mean not to warrant the exactneſs of either of theſe computations. I mention them only in order to ſhow of how much leſs conſequence, in the opinion of the moſt judicious and experienced perſons, the foreign trade of corn is than the home trade. The great cheapneſs of corn in the years immediately preceding the eſtabliſhment of the bounty, may perhaps, with reaſon, be aſcribed in ſome meaſure to the operation of this ſtatute of Charles II., which had been enacted about five-and-twenty years before, and which had therefore full time to produce its effect.

A very few words will ſufficiently explain all that I have to ſay concerning the other three branches of the corn trade.

II. The trade of the merchant importer of foreign corn for home conſumption, evidently contributes to the immediate ſupply of the home market, and muſt ſo far be immediately beneficial

ficial to the great body of the people. It tends, indeed, to lower ſomewhat the average money price of corn, but not to diminiſh its real value, or the quantity of labour which it is capable of maintaining. If importation was at all times free, our farmers and country gentlemen would, probably, one year with another, get leſs money for their corn than they do at preſent, when importation is at moſt times in effect prohibited; but the money which they got would be of more value, would buy more goods of all other kinds, and would employ more labour. Their real wealth, their real revenue, therefore, would be the ſame as at preſent, though it might be expreſſed by a ſmaller quantity of ſilver; and they would neither be diſabled nor diſcouraged from cultivating corn as much as they do at preſent. On the contrary, as the riſe in the real value of ſilver, in conſequence of lowering the money price of corn, lowers ſomewhat the money price of all other commodities, it gives the induſtry of the country, where it takes place, ſome advantage in all foreign markets, and thereby tends to encourage and increaſe that induſtry. But the extent of the home market for corn muſt be in proportion to the general induſtry of the country where it grows, or to the number of thoſe who produce ſomething elſe, and therefore have ſomething elſe, or what comes to the ſame thing, the price of ſomething elſe, to give in exchange for corn. But in every country the home market, as it is the neareſt and moſt convenient, ſo is it likewiſe the greateſt and moſt

important market for corn. That rise in the real value of silver, therefore, which is the effect of lowering the average money price of corn, tends to enlarge the greatest and most important market for corn, and thereby to encourage, instead of discouraging, its growth.

By the 22d of Charles II. c. 13, the importation of wheat, whenever the price in the home market did not exceed fifty-three shillings and four pence the quarter, was subjected to a duty of sixteen shillings the quarter; and to a duty of eight shillings whenever the price did not exceed four pounds. The former of these two prices has, for more than a century past, taken place only in times of very great scarcity; and the latter has, so far as I know, not taken place at all. Yet, till wheat had risen above this latter price, it was by this statute subjected to a very high duty; and, till it had risen above the former, to a duty which amounted to a prohibition. The importation of other sorts of grain was restrained at rates, and by duties, in proportion to the value of the grain, almost equally high *.

* Before the 13th of the present King, the following were the duties payable upon the importation of the different sorts of grain:

Grain.	*Duties.*		*Duties.*	*Duties.*
Beans to 28s. per qr.	19s. 10d. after till 40s.	-	16s. 8d. then	12d.
Barley to 28s.	19s. 10d. 32s.	-	16s.	12d.
Malt is prohibited by the annual Malt-tax Bill.				
Oats to 16s.	5s. 10d. after			9½d.
Pease to 40s.	16s. 0d. after			9½d.
Rye to 36s.	19s. 10d. till 40s.	-	16s. 8d. then	12d.
Wheat to 44s.	21s. 9d. till 53s. 4d.		17s. then	8s.
till 4l. and after that about 1s. 4d.				
Buck wheat to 32s. per qr. to pay 16s.				

These different duties were imposed, partly by the 22d of Charles II. in place of the Old Subsidy, partly by the New Subsidy, by the One-third and Two-thirds Subsidy, and by the Subsidy 1747.

Subse-

Subſequent laws ſtill further increaſed thoſe duties.

The diſtreſs which, in years of ſcarcity, the ſtrict execution of thoſe laws might have brought upon the people, would probably have been very great. But, upon ſuch occaſions, its execution was generally ſuſpended by temporary ſtatutes, which permitted, for a limited time, the importation of foreign corn. The neceſſity of theſe temporary ſtatutes ſufficiently demonſtrates the impropriety of this general one.

Theſe reſtraints upon importation, though prior to the eſtabliſhment of the bounty, were dictated by the ſame ſpirit, by the ſame principles, which afterwards enacted that regulation. How hurtful ſoever in themſelves, theſe or ſome other reſtraints upon importation became neceſſary in conſequence of that regulation. If, when wheat was either below forty-eight ſhillings the quarter, or not much above it, foreign corn could have been imported either duty free, or upon paying only a ſmall duty, it might have been exported again, with the benefit of the bounty, to the great loſs of the public revenue, and to the entire perverſion of the inſtitution, of which the object was to extend the market for the home growth, not that for the growth of foreign countries.

III. The trade of the merchant exporter of corn for foreign conſumption, certainly does not contribute directly to the plentiful ſupply of the home market. It does ſo, however, indirectly. From whatever ſource this ſupply may be uſually drawn,

corn, of the greater part of which there was no drawback; and upon extraordinary occasions, when a scarcity made it necessary to suspend those duties by temporary statutes, exportation was always prohibited. By this system of laws, therefore, the carrying trade was in effect prohibited upon all occasions.

That system of laws, therefore, which is connected with the establishment of the bounty, seems to deserve no part of the praise which has been bestowed upon it. The improvement and prosperity of Great Britain, which has been so often ascribed to those laws, may very easily be accounted for by other causes. That security which the laws in Great Britain give to every man that he shall enjoy the fruits of his own labour, is alone sufficient to make any country flourish, notwithstanding these and twenty other absurd regulations of commerce; and this security was perfected by the revolution, much about the same time that the bounty was established. The natural effort of every individual to better his own condition, when suffered to exert itself with freedom and security, is so powerful a principle, that it is alone, and without any assistance, not only capable of carrying on the society to wealth and prosperity, but of surmounting a hundred impertinent obstructions with which the folly of human laws too often incumbers its operations; though the effect of these obstructions is always more or less either to encroach upon its freedom, or to diminish its security. In Great Britain industry is perfectly secure; and though

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it is far from being perfectly free, it is as free or freer than in any other part of Europe.

Though the period of the greatest prosperity and improvement of Great Britain, has been posterior to that syſtem of laws which is connected with the bounty, we muſt not upon that account impute it to thoſe laws. It has been poſterior likewiſe to the national debt. But the national debt has moſt aſſuredly not been the cauſe of it.

Though the syſtem of laws which is connected with the bounty, has exactly the ſame tendency with the police of Spain and Portugal; to lower ſomewhat the value of the precious metals in the country where it takes place; yet Great Britain is certainly one of the richeſt countries in Europe, while Spain and Portugal are perhaps among the moſt beggarly. This difference of ſituation, however, may eaſily be accounted for from two different cauſes. Firſt, the tax in Spain, the prohibition in Portugal of exporting gold and ſilver, and the vigilant police which watches over the execution of thoſe laws, muſt, in two very poor countries, which between them import annually upwards of ſix millions ſterling, operate, not only more directly, but much more forcibly in reducing the value of thoſe metals there, than the corn laws can do in Great Britain. And, ſecondly, this bad policy is not in thoſe countries counter-balanced by the general liberty and ſecurity of the people. Induſtry is there neither free nor ſecure, and the civil and eccleſiaſtical governments of both Spain

and Portugal, are ſuch as would alone be ſufficient to perpetuate their preſent ſtate of poverty, even though their regulations of commerce were as wiſe as the greater part of them are abſurd and fooliſh.

The 13th of the preſent King, c. 43. ſeems to have eſtabliſhed a new ſyſtem with regard to the corn laws, in many reſpects better than the ancient one, but in one or two reſpects perhaps not quite ſo good.

By this ſtatute the high duties upon importation for home conſumption are taken off ſo ſoon as the price of middling wheat riſes to forty-eight ſhillings the quarter; that of middling rye, peaſe or beans, to thirty-two ſhillings; that of barley to twenty-four ſhillings; and that of oats to ſixteen ſhillings; and inſtead of them a ſmall duty is impoſed of only ſix-pence upon the quarter of wheat, and upon that of other grain in proportion. With regard to all theſe different ſorts of grain, but particularly with regard to wheat, the home market is thus opened to foreign ſupplies at prices conſiderably lower than before.

By the ſame ſtatute the whole bounty of five ſhillings upon the exportation of wheat ceaſes ſo ſoon as the price riſes to forty-four ſhillings the quarter, inſtead of forty-eight, the price at which it ceaſed before; that of two ſhillings and ſix-pence upon the exportation of barley ceaſes ſo ſoon as the price riſes to twenty-two ſhillings, inſtead of twenty-four, the price at which it

ceaſed before; that of two ſhillings and ſix-pence upon the exportation of oatmeal ceaſes ſo ſoon as the price riſes to fourteen ſhillings, inſtead of fifteen, the price at which it ceaſed before. The bounty upon rye is reduced from three ſhillings and ſixpence to three ſhillings, and it ceaſes ſo ſoon as the price riſes to twenty-eight ſhillings, inſtead of thirty-two, the price at which it ceaſed before. If bounties are as improper as I have endeavoured to prove them to be, the ſooner they ceaſe, and the lower they are, ſo much the better.

The ſame ſtatute permits, at the loweſt prices, the importation of corn, in order to be exported again, duty free, provided it is in the mean time lodged in a warehouſe under the joint locks of the King and the importer. This liberty, indeed, extends to no more than twenty-five of the different ports of Great Britain. They are, however, the principal ones, and there may not, perhaps, be warehouſes proper for this purpoſe in the greater part of the others.

So far this law ſeems evidently an improvement upon the ancient ſyſtem.

But by the ſame law a bounty of two ſhillings the quarter is given for the exportation of oats whenever the price does not exceed fourteen ſhillings. No bounty had ever been given before for the exportation of this grain, no more than for that of peaſe or beans.

By the ſame law too, the exportation of wheat is prohibited ſo ſoon as the price riſes to forty-four

four ſhillings the quarter; that of rye ſo ſoon as it riſes to twenty-eight ſhillings; that of barley ſo ſoon as it riſes to twenty-two ſhillings; and that of oats ſo ſoon as they riſe to fourteen ſhillings. Thoſe ſeveral prices ſeem all of them a good deal too low, and there ſeems to be an impropriety, beſides, in prohibiting exportation altogether at thoſe preciſe prices at which that bounty, which was given in order to force it, is withdrawn. The bounty ought certainly either to have been withdrawn at a much lower price, or exportation ought to have been allowed at a much higher. CHAP. V.

So far, therefore, this law ſeems to be inferior to the ancient ſyſtem. With all its imperfections, however, we may perhaps ſay of it what was ſaid of the laws of Solon, that, though not the beſt in itſelf, it is the beſt which the intereſts, prejudices, and temper of the times would admit of. It may perhaps in due time prepare the way for a better.

CHAP. VI.

Of Treaties of Commerce.

WHEN a nation binds itſelf by treaty either to permit the entry of certain goods from one foreign country which it prohibits from all others, or to exempt the goods of one country from duties to which it ſubjects thoſe of all others, CHAP. VI.

the country, or at leaſt the merchants and manufacturers of the country, whoſe commerce is ſo favoured, muſt neceſſarily derive great advantage from the treaty. Thoſe merchants and manufacturers enjoy a ſort of monopoly in the country which is ſo indulgent to them. That country becomes a market both more extenſive and more advantageous for their goods: more extenſive, becauſe the goods of other nations being either excluded or ſubjected to heavier duties, it takes off a greater quantity of theirs: more advantageous, becauſe the merchants of the favoured country, enjoying a ſort of monopoly there, will often ſell their goods for a better price than if expoſed to the free competition of all other nations.

Such treaties, however, though they may be advantageous to the merchants and manufacturers of the favoured, are neceſſarily diſadvantageous to thoſe of the favouring country. A monopoly is thus granted againſt them to a foreign nation; and they muſt frequently buy the foreign goods they have occaſion for, dearer than if the free competition of other nations was admitted. That part of its own produce with which ſuch a nation purchaſes foreign goods, muſt conſequently be ſold cheaper, becauſe when two things are exchanged for one another, the cheapneſs of the one is a neceſſary conſequence, or rather is the ſame thing with the dearneſs of the other. The exchangeable value of its annual produce, therefore, is likely to be diminiſhed by every ſuch treaty. This diminution, however,

can ſcarce amount to any poſitive loſs, but only to a leſſening of the gain which it might otherwiſe make. Though it ſells its goods cheaper than it otherwiſe might do, it will not probably ſell them for leſs than they coſt; nor, as in the caſe of bounties, for a price which will not replace the capital employed in bringing them to market, together with the ordinary profits of ſtock. The trade could not go on long if it did. Even the favouring country, therefore, may ſtill gain by the trade, though leſs than if there was a free competition.

Some treaties of commerce, however, have been ſuppoſed advantageous upon principles very different from theſe; and a commercial country has ſometimes granted a monopoly of this kind againſt itſelf to certain goods of a foreign nation, becauſe it expected that in the whole commerce between them, it would annually ſell more than it would buy, and that a balance in gold and ſilver would be annually returned to it. It is upon this principle that the treaty of commerce between England and Portugal, concluded in 1703, by Mr. Methuen, has been ſo much commended. The following is a literal tranſlation of that treaty, which conſiſts of three articles only:—

ART. I.

His Sacred Royal Majeſty of Portugal promiſes, both in his own name, and that of his ſucceſſors, to admit, for ever hereafter, into

Portugal, the woollen cloths, and the reſt of the woollen manufactures of the Britiſh, as was accuſtomed, till they were prohibited by the law; nevertheleſs upon this condition:

ART. II.

That is to ſay, that Her Sacred Royal Majeſty of Great Britain ſhall, in her own name, and that of her ſucceſſors, be obliged, for ever hereafter, to admit the wines of the growth of Portugal into Britain: ſo that at no time, whether there ſhall be peace or war between the kingdoms of Britain and France, any thing more ſhall be demanded for theſe wines by the name of cuſtom or duty, or by whatſoever other title, directly or indirectly, whether they ſhall be imported into Great Britain in pipes or hogſheads, or other caſks, than what ſhall be demanded for the like quantity or meaſure of French wine, deducting or abating a third part of the cuſtom or duty. But if at any time this deduction or abatement of cuſtoms, which is to be made as aforeſaid, ſhall in any manner be attempted and prejudiced, it ſhall be juſt and lawful for His Sacred Royal Majeſty of Portugal, again to prohibit the woollen cloths, and the reſt of the Britiſh woollen manufactures.

ART. III.

The Moſt Excellent Lords the Plenipotentiaries promiſe and take upon themſelves, that their above-named maſters ſhall ratify this treaty; and

and within the ſpace of two months the ratifications ſhall be exchanged.

By this treaty the crown of Portugal becomes bound to admit the Engliſh woollens upon the ſame footing as before the prohibition; that is, not to raiſe the duties which had been paid before that time. But it does not become bound to admit them upon any better terms than thoſe of any other nation, of France or Holland for example. The crown of Great Britain, on the contrary, becomes bound to admit the wines of Portugal, upon paying only two thirds of the duty, which is paid for thoſe of France, the wines moſt likely to come into competition with them. So far this treaty, therefore, is evidently advantageous to Portugal, and diſadvantageous to Great Britain.

It has been celebrated, however, as a maſterpiece of the commercial policy of England. Portugal receives annually from the Brazils a greater quantity of gold than can be employed in its domeſtic commerce, whether in the ſhape of coin or of plate. The ſurplus is too valuable to be allowed to lie idle and locked up in coffers, and as it can find no advantageous market at home, it muſt, notwithſtanding any prohibition, be ſent abroad, and exchanged for ſomething for which there is a more advantageous market at home. A large ſhare of it comes annually to England, in return either for Engliſh goods, or for thoſe of other European nations that receive their returns through England. Mr. Baretti

BOOK IV. was informed that the weekly packet-boat from Lisbon brings, one week with another, more than fifty thousand pounds in gold to England. The sum had probably been exaggerated. It would amount to more than two millions six hundred thousand pounds a year, which is more than the Brazils are supposed to afford.

Our merchants were some years ago out of humour with the crown of Portugal. Some privileges which had been granted them, not by treaty, but by the free grace of that crown, at the solicitation, indeed, it is probable, and in return for much greater favours, defence and protection, from the crown of Great Britain, had been either infringed or revoked. The people, therefore, usually most interested in celebrating the Portugal trade, were then rather disposed to represent it as less advantageous than it had commonly been imagined. The far greater part, almost the whole, they pretended, of this annual importation of gold, was not on account of Great Britain, but of other European nations; the fruits and wines of Portugal annually imported into Great Britain nearly compensating the value of the British goods sent thither.

Let us suppose, however, that the whole was on account of Great Britain, and that it amounted to a still greater sum than Mr. Baretti seems to imagine: this trade would not, upon that account, be more advantageous than any other in which, for the same value sent out, we received an equal value of consumable goods in return.

It

It is but a very ſmall part of this importation which, it can be ſuppoſed, is employed as an annual addition either to the plate or to the coin of the kingdom. The reſt muſt all be ſent abroad and exchanged for conſumable goods of ſome kind or other. But if thoſe conſumable goods were purchaſed directly with the produce of Engliſh induſtry, it would be more for the advantage of England, than firſt to purchaſe with that produce the gold of Portugal, and afterwards to purchaſe with that gold thoſe conſumable goods. A direct foreign trade of conſumption is always more advantageous than a round-about one; and to bring the ſame value of foreign goods to the home market, requires a much ſmaller capital in the one way than in the other. If a ſmaller ſhare of its induſtry, therefore, had been employed in producing goods fit for the Portugal market, and a greater in producing thoſe fit for the other markets, where thoſe conſumable goods for which there is a demand in Great Britain are to be had, it would have been more for the advantage of England. To procure both the gold, which it wants for its own uſe, and the conſumable goods, would, in this way, employ a much ſmaller capital than at preſent. There would be a ſpare capital, therefore, to be employed for other purpoſes, in exciting an additional quantity of induſtry, and in raiſing a greater annual produce.

Though Britain were entirely excluded from the Portugal trade, it could find very little difficulty in procuring all the annual ſupplies of gold which

which it wants, either for the purpoſes of plate, or of coin, or of foreign trade. Gold, like every other commodity, is always ſomewhere or another to be got for its value by thoſe who have that value to give for it. The annual ſurplus of gold in Portugal, beſides, would ſtill be ſent abroad, and though not carried away by Great Britain, would be carried away by ſome other nation, which would be glad to ſell it again for its price, in the ſame manner as Great Britain does at preſent. In buying gold of Portugal, indeed, we buy it at the firſt hand; whereas, in buying it of any other nation, except Spain, we ſhould buy it at the ſecond, and might pay ſomewhat dearer. This difference, however, would ſurely be too inſignificant to deſerve the public attention.

Almoſt all our gold, it is ſaid, comes from Portugal. With other nations the balance of trade is either againſt us, or not much in our favour. But we ſhould remember, that the more gold we import from one country, the leſs we muſt neceſſarily import from all others. The effectual demand for gold, like that for every other commodity, is in every country limited to a certain quantity. If nine-tenths of this quantity are imported from one country, there remains a tenth only to be imported from all others. The more gold beſides that is annually imported from ſome particular countries, over and above what is requiſite for plate and for coin, the more muſt neceſſarily be exported to ſome others; and the more that moſt inſignificant

cant object of modern policy, the balance of trade, appears to be in our favour with ſome particular countries, the more it muſt neceſſarily appear to be againſt us with many others.

It was upon this ſilly notion, however, that England could not ſubſiſt without the Portugal trade, that, towards the end of the late war, France and Spain, without pretending either offence or provocation, required the King of Portugal to exclude all Britiſh ſhips from his ports, and for the ſecurity of this excluſion, to receive into them French or Spaniſh garriſons. Had the King of Portugal ſubmitted to thoſe ignominious terms which his brother-in-law the King of Spain propoſed to him, Britain would have been freed from a much greater inconveniency than the loſs of the Portugal trade, the burden of ſupporting a very weak ally, ſo unprovided of every thing for his own defence, that the whole power of England, had it been directed to that ſingle purpoſe, could ſcarce perhaps have defended him for another campaign. The loſs of the Portugal trade would, no doubt, have occaſioned a conſiderable embarraſſment to the merchants at that time engaged in it, who might not, perhaps, have found out, for a year or two, any other equally advantageous method of employing their capitals; and in this would probably have conſiſted all the inconveniency which England could have ſuffered from this notable piece of commercial policy.

The great annual importation of gold and ſilver is neither for the purpoſe of plate nor of coin,

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coin, but of foreign trade. A round-about foreign trade of consumption can be carried on more advantageously by means of these metals than of almost any other goods. As they are the universal instruments of commerce, they are more readily received in return for all commodities than any other goods; and on account of their small bulk and great value, it costs less to transport them backward and forward from one place to another than almost any other sort of merchandize, and they lose less of their value by being so transported. Of all the commodities, therefore, which are bought in one foreign country, for no other purpose but to be sold or exchanged again for some other goods in another, there are none so convenient as gold and silver.

In facilitating all the different round-about foreign trades of consumption which are carried on in Great Britain, consists the principal advantage of the Portugal trade; and though it is not a capital advantage, it is, no doubt, a considerable one.

That any annual addition which, it can reasonably be supposed, is made either to the plate or to the coin of the kingdom, could require but a very small annual importation of gold and silver, seems evident enough; and though we had no direct trade with Portugal, this small quantity could always, somewhere or another, be very easily got.

Though the goldsmiths trade be very considerable in Great Britain, the far greater part of the new plate which they annually sell, is made

made from other old plate melted down; ſo that the addition annually made to the whole plate of the kingdom cannot be very great, and could require but a very ſmall annual importation.

It is the ſame caſe with the coin. Nobody imagines, I believe, that even the greater part of the annual coinage, amounting, for ten years together, before the late reformation of the gold coin, to upwards of eight hundred thouſand pounds a year in gold, was an annual addition to the money before current in the kingdom. In a country where the expence of the coinage is defrayed by the government, the value of the coin, even when it contains its full ſtandard weight of gold and ſilver, can never be much greater than that of an equal quantity of thoſe metals uncoined; becauſe it requires only the trouble of going to the mint, and the delay perhaps of a few weeks, to procure for any quantity of uncoined gold and ſilver an equal quantity of thoſe metals in coin. But, in every country, the greater part of the current coin is almoſt always more or leſs worn, or otherwiſe degenerated from its ſtandard. In Great Britain it was, before the late reformation, a good deal ſo, the gold being more than two per cent. and the ſilver more than eight per cent. below its ſtandard weight. But if forty-four guineas and a half, containing their full ſtandard weight, a pound weight of gold, could purchaſe very little more than a pound weight of uncoined gold, forty-four guineas and a half wanting a part of their weight could not purchaſe a pound weight,

and

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and ſomething was to be added in order to make up the deficiency. The current price of gold bullion at market, therefore, inſtead of being the ſame with the mint price, or 46*l.* 14*s.* 6*d.* was then about 47*l.* 14*s.* and ſometimes about forty-eight pounds. When the greater part of the coin, however, was in this degenerate condition, forty-four guineas and a half, freſh from the mint, would purchaſe no more goods in the market than any other ordinary guineas, becauſe when they came into the coffers of the merchant, being confounded with other money, they could not afterwards be diſtinguiſhed without more trouble than the difference was worth. Like other guineas they were worth no more than 46*l.* 14*s.* 6*d.* If thrown into the melting pot, however, they produced, without any ſenſible loſs, a pound weight of ſtandard gold, which could be ſold at any time for between 47*l.* 14*s.* and 48*l.* either in gold or ſilver, as fit for all the purpoſes of coin as that which had been melted down. There was an evident profit, therefore, in melting down new coined money, and it was done ſo inſtantaneouſly, that no precaution of government could prevent it. The operations of the mint were, upon this account, ſomewhat like the web of Penelope; the work that was done in the day was undone in the night. The mint was employed, not ſo much in making daily additions to the coin, as in replacing the very beſt part of it which was daily melted down.

Were the private people, who carry their gold and ſilver to the mint, to pay themſelves

for the coinage, it would add to the value of those metals in the ſame manner as the faſhion does to that of plate. Coined gold and ſilver would be more valuable than uncoined. The ſeignorage, if it was not exorbitant, would add to the bullion the whole value of the duty; becauſe, the government having every where the excluſive privilege of coining, no coin can come to market cheaper than they think proper to afford it. If the duty was exorbitant indeed, that is, if it was very much above the real value of the labour and expence requiſite for coinage, falſe coiners, both at home and abroad, might be encouraged, by the great difference between the value of bullion and that of coin, to pour in ſo great a quantity of counterfeit money as might reduce the value of the government money. In France, however, though the ſeignorage is eight per cent. no ſenſible inconveniency of this kind is found to ariſe from it. The dangers to which a falſe coiner is every where expoſed, if he lives in the country of which he counterfeits the coin, and to which his agents or correſpondents are expoſed if he lives in a foreign country, are by far too great to be incurred for the ſake of a profit of ſix or ſeven per cent.

The ſeignorage in France raiſes the value of the coin higher than in proportion to the quantity of pure gold which it contains. Thus by the edict of January 1726, the * mint price

* See Dictionaire des Monnoies, tom. ii. article Seigneurage, p. 489. par M. Abot de Bazinghen, Conſeiller-Comiſſaire en la Cour des Monnoies à Paris.

of

of fine gold of twenty-four carats was fixed at ſeven hundred and forty livres nine ſous and one denier one-eleventh, the mark of eight Paris ounces. The gold coin of France, making an allowance for the remedy of the mint, contains twenty-one carats and three-fourths of fine gold, and two carats one-fourth of alloy. The mark of ſtandard gold, therefore, is worth no more than about ſix hundred and ſeventy-one livres ten deniers. But in France this mark of ſtandard gold is coined into thirty Louis-d'ors of twenty-four livres each, or into ſeven hundred and twenty livres. The coinage, therefore, increaſes the value of a mark of ſtandard gold bullion, by the difference between ſix hundred and ſeventy-one livres ten deniers, and ſeven hundred and twenty livres; or by forty-eight livres nineteen ſous and two deniers.

A ſeignorage will, in many caſes, take away altogether, and will, in all caſes, diminiſh the profit of melting down the new coin. This profit always ariſes from the difference between the quantity of bullion which the common currency ought to contain, and that which it actually does contain. If this difference is leſs than the ſeignorage, there will be loſs inſtead of profit. If it is equal to the ſeignorage, there will neither be profit nor leſs. If it is greater than the ſeignorage, there will indeed be ſome profit, but leſs than if there was no ſeignorage. If, before the late reformation of the gold coin, for example, there had been a ſeignorage of five per cent. upon the coinage, there would have been

been a loſs of three per cent. upon the melting down of the gold coin. If the ſeignorage had been two per cent. there would have been neither profit nor loſs. If the ſeignorage had been one per cent. there would have been a profit, but of one per cent. only inſtead of two per cent. Wherever money is received by tale, therefore, and not by weight, a ſeignorage is the moſt effectual preventative of the melting down of the coin, and, for the ſame reaſon, of its exportation. It is the beſt and heavieſt pieces that are commonly either melted down or exported; becauſe it is upon ſuch that the largeſt profits are made.

The law for the encouragement of the coinage, by rendering it duty-free, was firſt enacted, during the reign of Charles II., for a limited time; and afterwards continued, by different prolongations, till 1769, when it was rendered perpetual. The bank of England, in order to repleniſh their coffers with money, are frequently obliged to carry bullion to the mint; and it was more for their intereſt, they probably imagined, that the coinage ſhould be at the expence of the government, than at their own. It was, probably, out of complaiſance to this great company that the government agreed to render this law perpetual. Should the cuſtom of weighing gold, however, come to be diſuſed, as it is very likely to be on account of its inconveniency; ſhould the gold coin of England come to be received by tale, as it was before the late recoinage, this great company may, perhaps, find

 that

that they have upon this, as upon ſome other occaſions, miſtaken their own intereſt not a little.

Before the late recoinage, when the gold currency of England was two per cent. below its ſtandard weight, as there was no ſeignorage, it was two per cent. below the value of that quantity of ſtandard gold bullion which it ought to have contained. When this great company, therefore, bought gold bullion in order to have it coined, they were obliged to pay for it two per cent. more than it was worth after the coinage. But if there had been a ſeignorage of two per cent. upon the coinage, the common gold currency, though two per cent. below its ſtandard weight, would notwithſtanding have been equal in value to the quantity of ſtandard gold which it ought to have contained; the value of the faſhion compenſating in this caſe the diminution of the weight. They would indeed have had the ſeignorage to pay, which being two per cent. their loſs upon the whole tranſaction would have been two per cent. exactly the ſame, but no greater than it actually was.

If the ſeignorage had been five per cent. and the gold currency only two per cent. below its ſtandard weight, the bank would in this caſe have gained three per cent. upon the price of the bullion; but as they would have had a ſeignorage of five per cent. to pay upon the coinage, their loſs upon the whole tranſaction would, in the ſame manner, have been exactly two per cent.

If

If the ſeignorage had been only one per cent. and the gold currency two per cent. below its ſtandard weight, the bank would in this caſe have loſt only one per cent. upon the price of the bullion; but as they would likewiſe have had a ſeignorage of one per cent. to pay, their loſs upon the whole tranſaction would have been exactly two per cent. in the ſame manner as in all other caſes.

If there was a reaſonable ſeignorage, while at the ſame time the coin contained its full ſtandard weight, as it has done very nearly ſince the late re-coinage, whatever the bank might loſe by the ſeignorage, they would gain upon the price of the bullion; and whatever they might gain upon the price of the bullion, they would loſe by the ſeignorage. They would neither loſe nor gain, therefore, upon the whole tranſaction, and they would in this, as in all the foregoing caſes, be exactly in the ſame ſituation as if there was no ſeignorage.

When the tax upon a commodity is ſo moderate as not to encourage ſmuggling, the merchant who deals in it, though he advances, does not properly pay the tax, as he gets it back in the price of the commodity. The tax is finally paid by the laſt purchaſer or conſumer. But money is a commodity with regard to which every man is a merchant. Nobody buys it but in order to ſell it again; and with regard to it there is in ordinary caſes no laſt purchaſer or conſumer. When the tax upon coinage, therefore, is ſo moderate as not to encourage falſe

coining, though every body advances the tax, nobody finally pays it; becauſe every body gets it back in the advanced value of the coin.

A moderate ſeignorage therefore would not in any caſe augment the expence of the bank, or of any other private perſons who carry their bullion to the mint in order to be coined, and the want of a moderate ſeignorage does not in any caſe diminiſh it. Whether there is or is not a ſeignorage, if the currency contains its full ſtandard weight, the coinage coſts nothing to any body, and if it is ſhort of that weight, the coinage muſt always coſt the difference between the quantity of bullion which oúght to be contained in it, and that which actually is contained in it.

The government, therefore, when it defrays the expence of coinage, not only incurs ſome ſmall expence, but loſes ſome ſmall revenue which it might get by a proper duty; and neither the bank nor any other private perſons are in the ſmalleſt degree benefited by this uſeleſs piece of public generoſity.

The directors of the bank, however, would probably be unwilling to agree to the impoſition of a ſeignorage upon the authority of a ſpeculation which promiſes them no gain, but only pretends to inſure them from any loſs. In the preſent ſtate of the gold coin, and as long as it continues to be received by weight, they certainly would gain nothing by ſuch a change. But if the cuſtom of weighing the gold coin ſhould ever go into diſuſe, as it is very likely to do, and if the gold coin ſhould ever fall into the ſame ſtate of

degradation

degradation in which it was before the late re-coinage, the gain, or more properly the ſavings of the bank, in conſequence of the impoſition of a ſeignorage, would probably be very conſiderable. The bank of England is the only company which ſends any conſiderable quantity of bullion to the mint, and the burden of the annual coinage falls entirely, or almoſt entirely, upon it. If this annual coinage had nothing to do but to repair the unavoidable loſſes and neceſſary wear and tear of the coin, it could ſeldom exceed fifty thouſand or at moſt a hundred thouſand pounds. But when the coin is degraded below its ſtandard weight, the annual coinage muſt, beſides this, fill up the large vacuities which exportation and the melting pot are continually making in the current coin. It was upon this account that during the ten or twelve years immediately preceding the late reformation of the gold coin, the annual coinage amounted at an average to more than eight hundred and fifty thouſand pounds. But if there had been a ſeignorage of four or five per cent. upon the gold coin, it would probably, even in the ſtate in which things then were, have put an effectual ſtop to the buſineſs both of exportation and of the melting pot. The bank, inſtead of loſing every year about two and a half per cent. upon the bullion which was to be coined into more than eight hundred and fifty thouſand pounds, or incurring an annual loſs of more than twenty-one thouſand two hundred and fifty

pounds, would not probably have incurred the tenth part of that loſs.

The revenue allotted by parliament for defraying the expence of the coinage is but fourteen thouſand pounds a year, and the real expence which it coſts the government, or the fees of the officers of the mint, do not upon ordinary occaſions, I am aſſured, exceed the half of that ſum. The ſaving of ſo very ſmall a ſum, or even the gaining of another which could not well be much larger, are objects too inconſiderable, it may be thought, to deſerve the ſerious attention of government. But the ſaving of eighteen or twenty thouſand pounds a year in caſe of an event which is not improbable, which has frequently happened before, and which is very likely to happen again, is ſurely an object which well deſerves the ſerious attention even of ſo great a company as the bank of England.

Some of the foregoing reaſonings and obſervations might perhaps have been more properly placed in thoſe chapters of the firſt book which treat of the origin and uſe of money, and of the difference between the real and the nominal price of commodities. But as the law for the encouragement of coinage derives its origin from thoſe vulgar prejudices which have been introduced by the mercantile ſyſtem; I judged it more proper to reſerve them for this chapter. Nothing could be more agreeable to the ſpirit of that ſyſtem than a ſort of bounty upon the production of money, the very thing which, it ſuppoſes,

the hope of finding treasures of gold there, was the sole motive which prompted to undertake it; and to give this motive the greater weight, it was proposed by Columbus that the half of all the gold and silver that should be found there should belong to the crown. This proposal was approved of by the council.

As long as the whole or the far greater part of the gold, which the first adventurers imported into Europe, was got by so very easy a method as the plundering of the defenceless natives, it was not perhaps very difficult to pay even this heavy tax. But when the natives were once fairly stript of all that they had, which, in St. Domingo, and in all the other countries discovered by Columbus, was done completely in six or eight years, and when in order to find more it had become necessary to dig for it in the mines, there was no longer any possibility of paying this tax. The rigorous exaction of it, accordingly, first occasioned, it is said, the total abandoning of the mines of St. Domingo, which have never been wrought since. It was soon reduced, therefore, to a third; then to a fifth; afterwards to a tenth; and at last to a twentieth part of the gross produce of the gold mines. The tax upon silver continued for a long time to be a fifth of the gross produce. It was reduced to a tenth only in the course of the present century. But the first adventurers do not appear to have been much interested about silver. Nothing less precious than gold seemed worthy of their attention.

All the other enterprifes of the Spaniards in the New World, fubfequent to thofe of Columbus, feem to have been prompted by the fame motive. It was the facred thirft of gold that carried Oieda, Nicueffa, and Vafco Nugnes de Balboa, to the ifthmus of Darien, that carried Cortez to Mexico, and Almagro and Pizzarro to Chili and Peru. When thofe adventurers arrived upon any unknown coaft, their firft enquiry was always if there was any gold to be found there; and according to the information which they received concerning this particular, they determined either to quit the country or to fettle in it.

Of all thofe expenfive and uncertain projects, however, which bring bankruptcy upon the greater part of the people who engage in them, there is none perhaps more perfectly ruinous than the fearch after new filver and gold mines. It is perhaps the moft difadvantageous lottery in the world, or the one in which the gain of thofe who draw the prizes bears the leaft proportion to the lofs of thofe who draw the blanks: for though the prizes are few and the blanks many, the common price of a ticket is the whole fortune of a very rich man. Projects of mining, inftead of replacing the capital employed in them, together with the ordinary profits of ftock, commonly abforb both capital and profit. They are the projects, therefore, to which of all others a prudent law-giver, who defired to increafe the capital of his nation, would leaft chufe to give any extraordinary encouragement, or to turn towards

towards them a greater ſhare of that capital than what would go to them of its own accord. Such in reality is the abſurd confidence which almoſt all men have in their own good fortune, that wherever there is the leaſt probability of ſucceſs, too great a ſhare of it is apt to go to them of its own accord.

But though the judgment of ſober reaſon and experience concerning ſuch projects has always been extremely unfavourable, that of human avidity has commonly been quite otherwiſe. The ſame paſſion which has ſuggeſted to ſo many people the abſurd idea of the philoſopher's ſtone, has ſuggeſted to others the equally abſurd one of immenſe rich mines of gold and ſilver. They did not conſider that the value of thoſe metals has, in all ages and nations, ariſen chiefly from their ſcarcity, and that their ſcarcity has ariſen from the very ſmall quantities of them which nature has any where depoſited in one place, from the hard and intractable ſubſtances with which ſhe has almoſt every where ſurrounded thoſe ſmall quantities, and conſequently from the labour and expence which are every where neceſſary, in order to penetrate to and get at them. They flattered themſelves that veins of thoſe metals might in many places be found as large and as abundant as thoſe which are commonly found of lead, or copper, or tin, or iron. The dream of Sir Walter Raleigh concerning the golden city and country of Eldorado, may ſatisfy us, that even wiſe men are not always exempt from ſuch ſtrange deluſions. More than

a hundred years after the death of that great man, the Jesuit Gumila was still convinced of the reality of that wonderful country, and expressed with great warmth, and I dare to say, with great sincerity, how happy he should be to carry the light of the gospel to a people who could so well reward the pious labours of their missionary.

In the countries first discovered by the Spaniards, no gold or silver mines are at present known which are supposed to be worth the working. The quantities of those metals which the first adventurers are said to have found there, had probably been very much magnified, as well as the fertility of the mines which were wrought immediately after the first discovery. What those adventurers were reported to have found, however, was sufficient to inflame the avidity of all their countrymen. Every Spaniard who sailed to America expected to find an Eldorado. Fortune too did upon this what she has done upon very few other occasions. She realized in some measure the extravagant hopes of her votaries, and in the discovery and conquest of Mexico and Peru (of which the one happened about thirty, the other about forty years after the first expedition of Columbus), she presented them with something not very unlike that profusion of the precious metals which they sought for.

A project of commerce to the East Indies, therefore, gave occasion to the first discovery of the West. A project of conquest gave occasion to all the establishments of the Spaniards in those newly

newly diſcovered countries. The motive which excited them to this conqueſt was a project of gold and ſilver mines; and a courſe of accidents, which no human wiſdom could foreſee, rendered this project much more ſucceſsful than the undertakers had any reaſonable ground for expecting.

The firſt adventurers of all the other nations of Europe, who attempted to make ſettlements in America, were animated by the like chimerical views; but they were not equally ſucceſsful. It was more than a hundred years after the firſt ſettlement of the Brazils, before any ſilver, gold, or diamond mines were diſcovered there. In the Engliſh, French, Dutch, and Daniſh colonies, none have ever yet been diſcovered; at leaſt none that are at preſent ſuppoſed to be worth the working. The firſt Engliſh ſettlers in North America, however, offered a fifth of all the gold and ſilver which ſhould be found there to the king, as a motive for granting them their patents. In the patents to Sir Walter Raleigh, to the London and Plymouth companies, to the council of Plymouth, &c. this fifth was accordingly reſerved to the Crown. To the expectation of finding gold and ſilver mines, thoſe firſt ſettlers too joined that of diſcovering a north-weſt paſſage to the Eaſt Indies. They have hitherto been diſappointed in both.

PART SECOND.

Caufes of the Profperity of new Colonies.

THE colony of a civilized nation which takes poffeffion, either of a wafte country, or of one fo thinly inhabited, that the natives eafily give place to the new fettlers, advances more rapidly to wealth and greatnefs than any other human fociety.

The colonifts carry out with them a knowledge of agriculture and of other ufeful arts, fuperior to what can grow up of its own accord in the courfe of many centuries among favage and barbarous nations. They carry out with them too the habit of fubordination, fome notion of the regular government which takes place in their own country, of the fyftem of laws which fupports it, and of a regular adminiftration of juftice; and they naturally eftablifh fomething of the fame kind in a new fettlement. But among favage and barbarous nations, the natural progrefs of law and government is ftill flower than the natural progrefs of arts, after law and government have been fo far eftablifhed, as is neceffary for their protection. Every colonift gets more land than he can poffibly cultivate. He has no rent, and fcarce any taxes to pay. No landlord fhares with him in its produce, and the fhare of the fovereign is commonly but a trifle. He has every motive to render as great as poffible a produce, which is thus to be almoft entirely

tirely his own. But his land is commonly ſo extenſive, that with all his own induſtry, and with all the induſtry of other people whom he can get to employ, he can ſeldom make it produce the tenth part of what it is capable of producing. He is eager, therefore, to collect labourers from all quarters, and to reward them with the moſt liberal wages. But thoſe liberal wages, joined to the plenty and cheapneſs of land, ſoon make thoſe labourers leave him, in order to become landlords themſelves, and to reward, with equal liberality, other labourers, who ſoon leave them for the ſame reaſon that they left their firſt maſter. The liberal reward of labour encourages marriage. The children, during the tender years of infancy, are well fed and properly taken care of, and when they are grown up, the value of their labour greatly overpays their maintenance. When arrived at maturity, the high price of labour, and the low price of land, enable them to eſtabliſh themſelves in the ſame manner as their fathers did before them.

In other countries, rent and profit eat up wages, and the two ſuperior orders of people oppreſs the inferior one. But in new colonies, the intereſt of the two ſuperior orders obliges them to treat the inferior one with more generoſity and humanity; at leaſt, where that inferior one is not in a ſtate of ſlavery. Waſte lands of the greateſt natural fertility, are to be had for a trifle. The increaſe of revenue which the proprietor, who is always the undertaker,

expects from their improvement, constitutes his profit; which in these circumstances is commonly very great. But this great profit cannot be made without employing the labour of other people in clearing and cultivating the land; and the disproportion between the great extent of the land and the small number of the people, which commonly takes place in new colonies, makes it difficult for him to get this labour. He does not, therefore, dispute about wages, but is willing to employ labour at any price. The high wages of labour encourage population. The cheapness and plenty of good land encourage improvement, and enable the proprietor to pay those high wages. In those wages consists almost the whole price of the land; and though they are high, considered as the wages of labour, they are low, considered as the price of what is so very valuable. What encourages the progress of population and improvement, encourages that of real wealth and greatness.

The progress of many of the ancient Greek colonies towards wealth and greatness, seems accordingly to have been very rapid. In the course of a century or two, several of them appear to have rivalled, and even to have surpassed their mother cities. Syracuse and Agrigentum in Sicily, Tarentum and Locri in Italy, Ephesus and Miletus in Lesser Asia, appear by all accounts to have been at least equal to any of the cities of ancient Greece. Though posterior in their establishment, yet all the arts of refinement, philosophy, poetry, and eloquence, seem

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to have been cultivated as early, and to have been improved as highly in them, as in any part of the mother country. The ſchools of the two oldeſt Greek philoſophers, thoſe of Thales and Pythagoras, were eſtabliſhed, it is remarkable, not in ancient Greece, but the one in an Aſiatic, the other in an Italian colony. All thoſe colonies had eſtabliſhed themſelves in countries inhabited by ſavage and barbarous nations, who eaſily gave place to the new ſettlers. They had plenty of good land, and as they were altogether independent of the mother city, they were at liberty to manage their own affairs in the way that they judged was moſt ſuitable to their own intereſt.

The hiſtory of the Roman colonies is by no means ſo brilliant. Some of them, indeed, ſuch as Florence, have, in the courſe of many ages, and after the fall of the mother city, grown up to be conſiderable ſtates. But the progreſs of no one of them ſeems ever to have been very rapid. They were all eſtabliſhed in conquered provinces, which, in moſt caſes, had been fully inhabited before. The quantity of land aſſigned to each coloniſt was ſeldom very conſiderable, and as the colony was not independent, they were not always at liberty to manage their own affairs in the way that they judged was moſt ſuitable to their own intereſt.

In the plenty of good land, the European colonies eſtabliſhed in America and the Weſt Indies reſemble, and even greatly ſurpaſs, thoſe of ancient Greece. In their dependency upon the

BOOK IV.

the mother ſtate, they reſemble thoſe of ancient Rome; but their great diſtance from Europe has in all of them alleviated more or leſs the effects of this dependency. Their ſituation has placed them leſs in the view and leſs in the power of their mother country. In purſuing their intereſt their own way, their conduct has, upon many occaſions, been overlooked, either becauſe not known or not underſtood in Europe; and upon ſome occaſions it has been fairly ſuffered and ſubmitted to, becauſe their diſtance rendered it difficult to reſtrain it. Even the violent and arbitrary government of Spain has, upon many occaſions, been obliged to recall or ſoften the orders which had been given for the government of her colonies, for fear of a general inſurrection. The progreſs of all the European colonies in wealth, population, and improvement, has accordingly been very great.

The crown of Spain, by its ſhare of the gold and ſilver, derived ſome revenue from its colonies, from the moment of their firſt eſtabliſhment. It was a revenue too, of a nature to excite in human avidity the moſt extravagant expectations of ſtill greater riches. The Spaniſh colonies, therefore, from the moment of their firſt eſtabliſhment, attracted very much the attention of their mother country; while thoſe of the other European nations were for a long time in a great meaſure neglected. The former did not, perhaps, thrive the better in conſequence of this attention; nor the latter the worſe in conſequence of this neglect. In proportion to the extent

extent of the country which they in ſome meaſure poſſeſs, the Spaniſh colonies are conſidered as leſs populous and thriving than thoſe of almoſt any other European nation. The progreſs even of the Spaniſh colonies, however, in population and improvement, has certainly been very rapid and very great. The city of Lima, founded ſince the conqueſt, is repreſented by Ulloa, as containing fifty thouſand inhabitants near thirty years ago. Quito, which had been but a miſerable hamlet of Indians, is repreſented by the ſame author as in his time equally populous. Gemelli Carreri, a pretended traveller, it is ſaid, indeed, but who ſeems every where to have written upon extreme good information, repreſents the city of Mexico as containing a hundred thouſand inhabitants; a number which, in ſpite of all the exaggerations of the Spaniſh writers, is, probably, more than five times greater than what it contained in the time of Montezuma. Theſe numbers exceed greatly thoſe of Boſton, New York, and Philadelphia, the three greateſt cities of the Engliſh colonies. Before the conqueſt of the Spaniards there were no cattle fit for draught, either in Mexico or Peru. The lama was their only beaſt of burden, and its ſtrength ſeems to have been a good deal inferior to that of a common aſs. The plough was unknown among them. They were ignorant of the uſe of iron. They had no coined money, nor any eſtabliſhed inſtrument of commerce of any kind. Their commerce was carried on by barter. A ſort of wooden ſpade was their principal

pal inſtrument of agriculture. Sharp ſtones ſerved them for knives and hatchets to cut with; fiſh bones and the hard ſinews of certain animals ſerved them for needles to ſew with; and theſe ſeem to have been their principal inſtruments of trade. In this ſtate of things, it ſeems impoſſible, that either of thoſe empires could have been ſo much improved or ſo well cultivated as at preſent, when they are plentifully furniſhed with all ſorts of European cattle, and when the uſe of iron, of the plough, and of many of the arts of Europe, has been introduced among them. But the populouſneſs of every country muſt be in proportion to the degree of its improvement and cultivation. In ſpite of the cruel deſtruction of the natives which followed the conqueſt, theſe two great empires are, probably, more populous now than they ever were before: and the people are ſurely very different; for we muſt acknowledge, I apprehend, that the Spaniſh creoles are in many reſpects ſuperior to the ancient Indians.

After the ſettlements of the Spaniards, that of the Portugueze in Brazil is the oldeſt of any European nation in America. But as for a long time after the firſt diſcovery, neither gold nor ſilver mines were found in it, and as it afforded, upon that account, little or no revenue to the crown, it was for a long time in a great meaſure neglected; and during this ſtate of neglect, it grew up to be a great and powerful colony. While Portugal was under the dominion of Spain, Brazil was attacked by the Dutch, who

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got poſſeſſion of ſeven of the fourteen provinces into which it is divided. They expected ſoon to conquer the other ſeven, when Portugal recovered its independency, by the elevation of the family of Braganza to the throne. The Dutch then, as enemies to the Spaniards, became friends to the Portugueze, who were likewiſe the enemies of the Spaniards. They agreed, therefore, to leave that part of Brazil, which they had not conquered, to the King of Portugal, who agreed to leave that part which they had conquered to them, as a matter not worth diſputing about with ſuch good allies. But the Dutch government ſoon began to oppreſs the Portugueze coloniſts, who, inſtead of amuſing themſelves with complaints, took arms againſt their new maſters, and by their own valour and reſolution, with the connivance, indeed, but without any avowed aſſiſtance from the mother country, drove them out of Brazil. The Dutch, therefore, finding it impoſſible to keep any part of the country to themſelves, were contented that it ſhould be entirely reſtored to the crown of Portugal. In this colony there are ſaid to be more than ſix hundred thouſand people, either Portugueze, or deſcended from Portugueze, creoles, mulattoes, and a mixed race between Portugueze and Brazilians. No one colony in America is ſuppoſed to contain ſo great a number of people of European extraction.

Towards the end of the fifteenth, and during the greater part of the ſixteenth century, Spain and Portugal were the two great naval powers

upon the ocean: for though the commerce of Venice extended to every part of Europe, its fleets had ſcarce ever ſailed beyond the Mediterranean. The Spaniards, in virtue of the firſt diſcovery, claimed all America as their own; and though they could not hinder ſo great a naval power as that of Portugal from ſettling in Brazil, ſuch was, at that time, the terror of their name, that the greater part of the other nations of Europe were afraid to eſtabliſh themſelves in any other part of that great continent. The French, who attempted to ſettle in Florida, were all murdered by the Spaniards. But the declenſion of the naval power of this latter nation, in conſequence of the defeat or miſcarriage of, what they called, their Invincible Armada, which happened towards the end of the ſixteenth century, put it out of their power to obſtruct any longer the ſettlements of the other European nations. In the courſe of the ſeventeenth century, therefore, the Engliſh, French, Dutch, Danes, and Swedes, all the great nations who had any ports upon the ocean, attempted to make ſome ſettlements in the New World.

The Swedes eſtabliſhed themſelves in New Jerſey; and the number of Swediſh families ſtill to be found there, ſufficiently demonſtrates, that this colony was very likely to proſper, had it been protected by the mother country. But being neglected by Sweden, it was ſoon ſwallowed up by the Dutch colony of New York, which, again, in 1674, fell under the dominion of the Engliſh.

The ſmall iſlands of St. Thomas and Santa Cruz are the only countries in the New World that have ever been poſſeſſed by the Danes. Theſe little ſettlements too were under the government of an excluſive company, which had the ſole right, both of purchaſing the ſurplus produce of the coloniſts, and of ſupplying them with ſuch goods of other countries as they wanted, and which, therefore, both in its purchaſes and ſales, had not only the power of oppreſſing them, but the greateſt temptation to do ſo. The government of an excluſive company of merchants is, perhaps, the worſt of all governments for any country whatever. It was not, however, able to ſtop altogether the progreſs of theſe colonies, though it rendered it more ſlow and languid. The late King of Denmark diſſolved this company, and ſince that time the proſperity of theſe colonies has been very great.

The Dutch ſettlements in the Weſt, as well as thoſe in the Eaſt Indies, were originally put under the government of an excluſive company. The progreſs of ſome of them, therefore, though it has been conſiderable, in compariſon with that of almoſt any country that has been long peopled and eſtabliſhed, has been languid and ſlow in compariſon with that of the greater part of new colonies. The colony of Surinam, though very conſiderable, is ſtill inferior to the greater part of the ſugar colonies of the other European nations. The colony of Nova Belgia, now divided into the two provinces of New York and New Jerſey,

Jerſey, would probably have ſoon become confiderable too, even though it had remained under the government of the Dutch. The plenty and cheapneſs of good land are ſuch powerful cauſes of proſperity, that the very worſt government is ſcarce capable of checking altogether the efficacy of their operation. The great diſtance too from the mother country would enable the coloniſts to evade more or leſs, by ſmuggling, the monopoly which the company enjoyed againſt them. At preſent the company allows all Dutch ſhips to trade to Surinam upon paying two and a half per cent. upon the value of their cargo for a licence; and only reſerves to itſelf excluſively the direct trade from Africa to America, which conſiſts almoſt entirely in the ſlave trade. This relaxation in the excluſive privileges of the company, is probably the principal cauſe of that degree of proſperity which that colony at preſent enjoys. Curaçoa and Euſtatia, the two principal iſlands belonging to the Dutch, are free ports, open to the ſhips of all nations; and this freedom, in the midſt of better colonies whoſe ports are open to thoſe of one nation only, has been the great cauſe of the proſperity of thoſe two barren iſlands.

The French colony of Canada was, during the greater part of the laſt century, and ſome part of the preſent, under the government of an excluſive company. Under ſo unfavourable an adminiſtration its progreſs was neceſſarily very ſlow in compariſon with that of other new colonies; but it became much more rapid when this company

company was diſſolved after the fall of what is called the Miſſiſſippi ſcheme. When the Engliſh got poſſeſſion of this country, they found in it near double the number of inhabitants which Father Charlevoix had aſſigned to it between twenty and thirty years before. That Jeſuit had travelled over the whole country, and had no inclination to repreſent it as leſs conſiderable than it really was.

The French colony of St. Domingo was eſtabliſhed by pirates and free-booters, who, for a long time, neither required the protection, nor acknowledged the authority of France; and when that race of banditti became ſo far citizens as to acknowledge this authority, it was for a long time neceſſary to exerciſe it with very great gentleneſs. During this period the population and improvement of this colony increaſed very faſt. Even the oppreſſion of the excluſive company, to which it was for ſome time ſubjected, with all the other colonies of France, though it no doubt retarded, had not been able to ſtop its progreſs altogether. The courſe of its proſperity returned as ſoon as it was relieved from that oppreſſion. It is now the moſt important of the ſugar colonies of the Weſt Indies, and its produce is ſaid to be greater than that of all the Engliſh ſugar colonies put together. The other ſugar colonies of France are in general all very thriving.

But there are no colonies of which the progreſs has been more rapid than that of the Engliſh in North America.

Plenty of good land, and liberty to manage their own affairs their own way, ſeem to be the two great cauſes of the proſperity of all new colonies.

In the plenty of good land the Engliſh colonies of North America, though, no doubt, very abundantly provided, are, however, inferior to thoſe of the Spaniards and Portugueſe, and not ſuperior to ſome of thoſe poſſeſſed by the French before the late war. But the political inſtitutions of the Engliſh colonies have been more favourable to the improvement and cultivation of this land, than thoſe of any of the other three nations.

Firſt, the engroſſing of uncultivated land, though it has by no means been prevented altogether, has been more reſtrained in the Engliſh colonies than in any other. The colony law which impoſes upon every proprietor the obligation of improving and cultivating, within a limited time, a certain proportion of his lands, and which, in caſe of failure, declares thoſe neglected lands grantable to any other perſon; though it has not, perhaps, been very ſtrictly executed, has, however, had ſome effect.

Secondly, in Pennſylvania there is no right of primogeniture, and lands, like moveables, are divided equally among all the children of the family. In three of the provinces of New England the oldeſt has only a double ſhare, as in the Moſaical law. Though in thoſe provinces, therefore, too great a quantity of land ſhould ſometimes be engroſſed by a particular

particular individual, it is likely, in the course of a generation or two, to be sufficiently divided again. In the other English colonies, indeed, the right of primogeniture takes place, as in the law of England. But in all the English colonies the tenure of the lands, which are all held by free socage, facilitates alienation, and the grantee of any extensive tract of land, generally finds it for his interest to alienate, as fast as he can, the greater part of it, reserving only a small quit-rent. In the Spanish and Portuguese colonies, what is called the right of Majorazzo * takes place in the succession of all those great estates to which any title of honour is annexed. Such estates go all to one person, and are in effect entailed and unalienable. The French colonies, indeed, are subject to the custom of Paris, which, in the inheritance of land, is much more favourable to the younger children than the law of England. But, in the French colonies, if any part of an estate, held by the noble tenure of chivalry and homage, is alienated, it is, for a limited time, subject to the right of redemption, either by the heir of the superior or by the heir of the family; and all the largest estates of the country are held by such noble tenures, which necessarily embarrass alienation. But, in a new colony, a great uncultivated estate is likely to be much more speedily divided by alienation than by succession. The plenty and cheapness of good land, it has already been observed, are the principal causes of the rapid prosperity of new

* Jus Majoratus.

colonies. The engroſſing of land, in effect, deſtroys this plenty and cheapneſs. The engroſſing of uncultivated land, beſides, is the greateſt obſtruction to its improvement. But the labour that is employed in the improvement and cultivation of land affords the greateſt and moſt valuable produce to the ſociety. The produce of labour, in this caſe, pays not only its own wages, and the profit of the ſtock which employs it, but the rent of the land too upon which it is employed. The labour of the Engliſh coloniſts, therefore, being more employed in the improvement and cultivation of land, is likely to afford a greater and more valuable produce, than that of any of the other three nations, which, by the engroſſing of land, is more or leſs diverted towards other employments.

Thirdly, the labour of the Engliſh coloniſts is not only likely to afford a greater and more valuable produce, but, in conſequence of the moderation of their taxes, a greater proportion of this produce belongs to themſelves, which they may ſtore up and employ in putting into motion a ſtill greater quantity of labour. The Engliſh coloniſts have never yet contributed any thing towards the defence of the mother country, or towards the ſupport of its civil government. They themſelves, on the contrary, have hitherto been defended almoſt entirely at the expence of the mother country. But the expence of fleets and armies is out of all proportion greater than the neceſſary expence of civil government. The expence of their own civil

government

government has always been very moderate. It has generally been confined to what was necessary for paying competent salaries to the governor, to the judges, and to some other officers of police, and for maintaining a few of the most useful public works. The expence of the civil establishment of Massachusett's Bay, before the commencement of the present disturbances, used to be but about 18,000*l.* a year. That of New Hampshire and Rhode Island 3,500*l.* each. That of Connecticut 4,000*l.* That of New York and Pennsylvania 4,500*l.* each. That of New Jersey 1,200*l.* That of Virginia and South Carolina 8,000*l.* each. The civil establishments of Nova Scotia and Georgia are partly supported by an annual grant of Parliament. But Nova Scotia pays, besides, about 7,000*l.* a year towards the public expences of the colony; and Georgia about 2,500*l.* a year. All the different civil establishments in North America, in short, exclusive of those of Maryland and North Carolina, of which no exact account has been got, did not, before the commencement of the present disturbances, cost the inhabitants above 64,700*l.* a year; an ever-memorable example at how small an expence three millions of people may not only be governed, but well governed. The most important part of the expence of government, indeed, that of defence and protection, has constantly fallen upon the mother country. The ceremonial too of the civil government in the colonies, upon the reception of a new governor, upon the opening of a new assembly, &c.

BOOK IV.

though ſufficiently decent, is not accompanied with any expenſive pomp or parade. Their eccleſiaſtical government is conducted upon a plan equally frugal. Tithes are unknown among them; and their clergy, who are far from being numerous, are maintained either by moderate ſtipends, or by the voluntary contributions of the people. The power of Spain and Portugal, on the contrary, derives ſome ſupport from the taxes levied upon their colonies. France, indeed, has never drawn any conſiderable revenue from its colonies, the taxes which it levies upon them being generally ſpent among them. But the colony government of all theſe three nations is conducted upon a much more expenſive plan, and is accompanied with a much more expenſive ceremonial. The ſums ſpent upon the reception of a new viceroy of Peru, for example, have frequently been enormous. Such ceremonials are not only real taxes paid by the rich coloniſts upon thoſe particular occaſions, but they ſerve to introduce among them the habit of vanity and expence upon all other occaſions. They are not only very grievous occaſional taxes, but they contribute to eſtabliſh perpetual taxes of the ſame kind ſtill more grievous; the ruinous taxes of private luxury and extravagance. In the colonies of all thoſe three nations too, the eccleſiaſtical government is extremely oppreſſive. Tithes take place in all of them, and are levied with the utmoſt rigour in thoſe of Spain and Portugal. All of them beſides are oppreſſed with a numerous race of mendicant friars, whoſe beggary being

being not only licenſed, but conſecrated by religion, is a moſt grievous tax upon the poor people, who are moſt carefully taught that it is a duty to give, and a very great ſin to refuſe them their charity. Over and above all this, the clergy are, in all of them, the greateſt engroſſers of land.

Fourthly, in the diſpoſal of their ſurplus produce, or of what is over and above their own conſumption, the Engliſh colonies have been more favoured, and have been allowed a more extenſive market, than thoſe of any other European nation. Every European nation has endeavoured more or leſs to monopolize to itſelf the commerce of its colonies, and, upon that account, has prohibited the ſhips of foreign nations from trading to them, and has prohibited them from importing European goods from any foreign nation. But the manner in which this monopoly has been exerciſed in different nations has been very different.

Some nations have given up the whole commerce of their colonies to an excluſive company, of whom the colonies were obliged to buy all ſuch European goods as they wanted, and to whom they were obliged to ſell the whole of their own ſurplus produce. It was the intereſt of the company, therefore, not only to ſell the former as dear, and to buy the latter as cheap as poſſible, but to buy no more of the latter, even at this low price, than what they could diſpoſe of for a very high price in Europe. It was their intereſt, not only to degrade in all caſes the

been little cultivated in any of thoſe of England, except for the market of the colonies themſelves. While Grenada was in the hands of the French, there was a refinery of ſugar, by claying at leaſt, upon almoſt every plantation. Since it fell into thoſe of the Engliſh, almoſt all works of this kind have been given up, and there are at preſent, October 1773, I am aſſured, not above two or three remaining in the iſland. At preſent, however, by an indulgence of the cuſtom-houſe, clayed or refined ſugar, if reduced from loaves into powder, is commonly imported as Muſkovado.

While Great Britain encourages in America the manufactures of pig and bar iron, by exempting them from duties to which the like commodities are ſubject when imported from any other country, ſhe impoſes an abſolute prohibition upon the erection of ſteel furnaces and ſlit-mills in any of her American plantations. She will not ſuffer her coloniſts to work in thoſe more refined manufactures even for their own conſumption; but inſiſts upon their purchaſing of her merchants and manufacturers all goods of this kind which they have occaſion for.

She prohibits the exportation from one province to another by water, and even the carriage by land upon horſeback or in a cart, of hats, of wools and woollen goods, of the produce of America; a regulation which effectually prevents the eſtabliſhment of any manufacture of ſuch commodities for diſtant ſale, and confines the induſtry of her coloniſts in this way to ſuch coarſe

coarſe and houſehold manufactures, as a private family commonly makes for its own uſe, or for that of ſome of its neighbours in the ſame province.

To prohibit a great people, however, from making all that they can of every part of their own produce, or from employing their ſtock and induſtry in the way that they judge moſt advantageous to themſelves, is a manifeſt violation of the moſt ſacred rights of mankind. Unjuſt, however, as ſuch prohibitions may be, they have not hitherto been very hurtful to the colonies. Land is ſtill ſo cheap, and, conſequently, labour ſo dear among them, that they can import from the mother country, almoſt all the more refined or more advanced manufactures cheaper than they could make them for themſelves. Though they had not, therefore, been prohibited from eſtabliſhing ſuch manufactures, yet in their preſent ſtate of improvement, a regard to their own intereſt would, probably, have prevented them from doing ſo. In their preſent ſtate of improvement, thoſe prohibitions, perhaps, without cramping their induſtry, or reſtraining it from any employment to which it would have gone of its own accord, are only impertinent badges of ſlavery impoſed upon them, without any ſufficient reaſon, by the groundleſs jealouſy of the merchants and manufacturers of the mother country. In a more advanced ſtate they might be really oppreſſive and inſupportable.

Great Britain too, as ſhe confines to her own market ſome of the moſt important productions

of the colonies, ſo in compenſation ſhe gives to ſome of them an advantage in that market; ſometimes by impoſing higher duties upon the like productions when imported from other countries, and ſometimes by giving bounties upon their importation from the colonies. In the firſt way ſhe gives an advantage in the home-market to the ſugar, tobacco, and iron of her own colonies, and in the ſecond to their raw ſilk, to their hemp and flax, to their indigo, to their naval-ſtores, and to their building-timber. This ſecond way of encouraging the colony produce by bounties upon importation, is, ſo far as I have been able to learn, peculiar to Great Britain. The firſt is not. Portugal does not content herſelf with impoſing higher duties upon the importation of tobacco from any other country, but prohibits it under the ſevereſt penalties.

With regard to the importation of goods from Europe, England has likewiſe dealt more liberally with her colonies than any other nation.

Great Britain allows a part, almoſt always the half, generally a larger portion, and ſometimes the whole of the duty which is paid upon the importation of foreign goods, to be drawn back upon their exportation to any foreign country. No independent foreign country, it was eaſy to foreſee, would receive them if they came to it loaded with the heavy duties to which almoſt all foreign goods are ſubjected on their importation into Great Britain. Unleſs, therefore, ſome part of thoſe duties was drawn back upon exportation,

portation, there was an end of the carrying trade; a trade ſo much favoured by the mercantile ſyſtem. CHAP. VII.

Our colonies, however, are by no means independent foreign countries; and Great Britain having aſſumed to herſelf the excluſive right of ſupplying them with all goods from Europe, might have forced them (in the ſame manner as other countries have done their colonies) to receive ſuch goods, loaded with all the ſame duties which they paid in the mother country. But, on the contrary, till 1763, the ſame drawbacks were paid upon the exportation of the greater part of foreign goods to our colonies as to any independent foreign country. In 1763, indeed, by the 4th of Geo. III. c. 15. this indulgence was a good deal abated, and it was enacted, "That no part of the duty called the "old ſubſidy ſhould be drawn back for any "goods of the growth, production, or manu-"facture of Europe or the Eaſt Indies, which "ſhould be exported from this kingdom to any "Britiſh colony or plantation in America; "wines, white callicoes and muſlins excepted." Before this law, many different ſorts of foreign goods might have been bought cheaper in the plantations than in the mother country; and ſome may ſtill.

Of the greater part of the regulations concerning the colony trade, the merchants who carry it on, it muſt be obſerved, have been the principal adviſers. We muſt not wonder, there-

fore, if in the greater part of them, their interest has been more considered than either that of the colonies or that of the mother country. In their exclusive privilege of supplying the colonies with all the goods which they wanted from Europe, and of purchasing all such parts of their surplus produce as could not interfere with any of the trades which they themselves carried on at home, the interest of the colonies was sacrificed to the interest of those merchants. In allowing the same drawbacks upon the re-exportation of the greater part of European and East India goods to the colonies, as upon their re-exportation to any independent country, the interest of the mother country was sacrificed to it, even according to the mercantile ideas of that interest. It was for the interest of the merchants to pay as little as possible for the foreign goods which they sent to the colonies, and consequently, to get back as much as possible of the duties which they advanced upon their importation into Great Britain. They might thereby be enabled to sell in the colonies, either the same quantity of goods with a greater profit, or a greater quantity with the same profit, and, consequently, to gain something either in the one way or the other. It was, likewise, for the interest of the colonies to get all such goods as cheap and in as great abundance as possible. But this might not always be for the interest of the mother country. She might frequently suffer both in her revenue, by giving back a great

great part of the duties which had been paid upon the importation of ſuch goods; and in her manufactures, by being underſold in the colony market, in conſequence of the eaſy terms upon which foreign manufactures could be carried thither by means of thoſe drawbacks. The progreſs of the linen manufacture of Great Britain, it is commonly ſaid, has been a good deal retarded by the drawbacks upon the re-exportation of German linen to the American colonies.

But though the policy of Great Britain with regard to the trade of her colonies has been dictated by the ſame mercantile ſpirit as that of other nations, it has, however, upon the whole, been leſs illiberal and oppreſſive than that of any of them.

In every thing, except their foreign trade, the liberty of the Engliſh coloniſts to manage their own affairs their own way is complete. It is in every reſpect equal to that of their fellow-citizens at home, and is ſecured in the ſame manner, by an aſſembly of the repreſentatives of the people, who claim the ſole right of impoſing taxes for the ſupport of the colony government. The authority of this aſſembly over-awes the executive power, and neither the meaneſt nor the moſt obnoxious coloniſt, as long as he obeys the law, has any thing to fear from the reſentment, either of the governor, or of any other civil or military officer in the province. The colony aſſemblies, though, like the houſe of commons in England, they are not always a very equal repreſentation of the people, yet they ap-

proach more nearly to that character; and as the executive power either has not the means to corrupt them, or, on account of the ſupport which it receives from the mother country, is not under the neceſſity of doing ſo, they are perhaps in general more influenced by the inclinations of their conſtituents. The councils, which, in the colony legiſlatures, correſpond to the houſe of lords in Great Britain, are not compoſed of an hereditary nobility. In ſome of the colonies, as in three of the governments of New England, thoſe councils are not appointed by the King, but choſen by the repreſentatives of the people. In none of the Engliſh colonies is there any hereditary nobility. In all of them, indeed, as in all other free countries, the deſcendant of an old colony family is more reſpected than an upſtart of equal merit and fortune: but he is only more reſpected, and he has no privileges by which he can be troubleſome to his neighbours. Before the commencement of the preſent diſturbances, the colony aſſemblies had not only the legiſlative, but a part of the executive power. In Connecticut and Rhode Iſland, they elected the governor. In the other colonies they appointed the revenue officers who collected the taxes impoſed by thoſe reſpective aſſemblies, to whom thoſe officers were immediately reſponſible. There is more equality, therefore, among the Engliſh coloniſts than among the inhabitants of the mother country. Their manners are more republican, and their governments, thoſe of three of the provinces of

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New England in particular, have hitherto been more republican too. CHAP. VII.

The abſolute governments of Spain, Portugal, and France, on the contrary, take place in their colonies; and the diſcretionary powers which ſuch governments commonly delegate to all their inferior officers are, on account of the great diſtance, naturally exerciſed there with more than ordinary violence. Under all abſolute governments there is more liberty in the capital than in any other part of the country. The ſovereign himſelf can never have either intereſt or inclination to pervert the order of juſtice, or to oppreſs the great body of the people. In the capital his preſence over-awes more or leſs all his inferior officers, who in the remoter provinces, from whence the complaints of the people are leſs likely to reach him, can exerciſe their tyranny with much more ſafety. But the European colonies in America are more remote than the moſt diſtant provinces of the greateſt empires which had ever been known before. The government of the Engliſh colonies is perhaps the only one which, ſince the world began, could give perfect ſecurity to the inhabitants of ſo very diſtant a province. The adminiſtration of the French colonies, however, has always been conducted with more gentleneſs and moderation than that of the Spaniſh and Portugueſe. This ſuperiority of conduct is ſuitable both to the character of the French nation, and to what forms the character of every nation. the nature of their government, which, though

arbitrary

ment, and employed in raiſing a ſtill greater produce. But the ſtock which has improved and cultivated the ſugar colonies of England has, a great part of it, been ſent out from England, and has by no means been altogether the produce of the ſoil and induſtry of the coloniſts. The proſperity of the Engliſh ſugar colonies has been, in a great meaſure, owing to the great riches of England, of which a part has overflowed, if one may ſay ſo, upon thoſe colonies. But the proſperity of the ſugar colonies of France has been entirely owing to the good conduct of the coloniſts, which muſt therefore have had ſome ſuperiority over that of the Engliſh; and this ſuperiority has been remarked in nothing ſo much as in the good management of their ſlaves.

Such have been the general outlines of the policy of the different European nations with regard to their colonies.

The policy of Europe, therefore, has very little to boaſt of, either in the original eſtabliſhment, or, ſo far as concerns their internal government, in the ſubſequent proſperity of the colonies of America.

Folly and injuſtice ſeem to have been the principles which preſided over and directed the firſt project of eſtabliſhing thoſe colonies; the folly of hunting after gold and ſilver mines, and the injuſtice of coveting the poſſeſſion of a country whoſe harmleſs natives, far from having ever injured the people of Europe, had received the

firſt

firſt adventurers with every mark of kindneſs and hoſpitality.

The adventurers, indeed, who formed ſome of the later eſtabliſhments, joined, to the chimerical project of finding gold and ſilver mines, other motives more reaſonable and more laudable; but even theſe motives do very little honour to the policy of Europe.

The Engliſh puritans, reſtrained at home, fled for freedom to America, and eſtabliſhed there the four governments of New England, The Engliſh catholics, treated with much greater injuſtice, eſtabliſhed that of Maryland; the Quakers, that of Pennſylvania. The Portugueſe Jews, perſecuted by the inquiſition, ſtript of their fortunes, and baniſhed to Brazil, introduced, by their example, ſome ſort of order and induſtry among the tranſported felons and ſtrumpets, by whom that colony was originally peopled, and taught them the culture of the ſugar-cane. Upon all theſe different occaſions it was, not the wiſdom and policy, but the diſorder and injuſtice of the European governments, which peopled and cultivated America.

In effectuating ſome of the moſt important of theſe eſtabliſhments, the different governments of Europe had as little merit as in projecting them. The conqueſt of Mexico was the project, not of the council of Spain, but of a governor of Cuba; and it was effectuated by the ſpirit of the bold adventurer to whom it was entruſted, in ſpite of every thing which that governor, who

ſoon

ſoon repented of having truſted ſuch a perſon, could do to thwart it. The conquerors of Chili and Peru, and of almoſt all the other Spaniſh ſettlements upon the continent of America, carried out with them no other public encouragement, but a general permiſſion to make ſettlements and conqueſts in the name of the King of Spain. Thoſe adventures were all at the private riſk and expence of the adventurers. The government of Spain contributed ſcarce any thing to any of them. That of England contributed as little towards effectuating the eſtabliſhment of ſome of its moſt important colonies in North America.

When thoſe eſtabliſhments were effectuated, and had become ſo conſiderable as to attract the attention of the mother country, the firſt regulations which ſhe made with regard to them had always in view to ſecure to herſelf the monopoly of their commerce; to confine their market, and to enlarge her own at their expence, and, conſequently, rather to damp and diſcourage, than to quicken and forward the courſe of their proſperity. In the different ways in which this monopoly has been exerciſed, conſiſts one of the moſt eſſential differences in the policy of the different European nations with regard to their colonies. The beſt of them all, that of England, is only ſomewhat leſs illiberal and oppreſſive than that of any of the reſt.

In what way, therefore, has the policy of Europe contributed either to the firſt eſtabliſhment, or to the preſent grandeur of the colonies of

of America? In one way, and in one way only, it has contributed a good deal. *Magna virûm Mater!* It bred and formed the men who were capable of atchieving ſuch great actions, and of laying the foundation of ſo great an empire; and there is no other quarter of the world of which the policy is capable of forming, or has ever actually and in fact formed ſuch men. The colonies owe to the policy of Europe the education and great views of their active and enterpriſing founders; and ſome of the greateſt and moſt important of them, ſo far as concerns their internal government, owe to it ſcarce any thing elſe.

PART THIRD.

Of the Advantages which Europe has derived from the Diſcovery of America, and from that of a Paſſage to the Eaſt Indies by the Cape of Good Hope.

SUCH are the advantages which the colonies of America have derived from the policy of Europe.

What are thoſe which Europe has derived from the diſcovery and colonization of America?

Thoſe advantages may be divided, firſt, into the general advantages which Europe, conſidered as one great country, has derived from thoſe great events; and, ſecondly, into the particular advantages which each colonizing country has derived from the colonies which particularly belong to it, in conſequence of the authority or dominion which it exerciſes over them.

The general advantages which Europe, considered as one great country, has derived from the discovery and colonization of America, consist, first, in the increase of its enjoyments; and secondly, in the augmentation of its industry.

The surplus produce of America, imported into Europe, furnishes the inhabitants of this great continent with a variety of commodities which they could not otherwise have possessed, some for conveniency and use, some for pleasure, and some for ornament, and thereby contributes to increase their enjoyments.

The discovery and colonization of America, it will readily be allowed, have contributed to augment the industry, first, of all the countries which trade to it directly; such as Spain, Portugal, France, and England; and, secondly, of all those which, without trading to it directly, send, through the medium of other countries, goods to it of their own produce; such as Austrian Flanders, and some provinces of Germany, which, through the medium of the countries before mentioned, send to it a considerable quantity of linen and other goods. All such countries have evidently gained a more extensive market for their surplus produce, and must consequently have been encouraged to increase its quantity.

But, that those great events should likewise have contributed to encourage the industry of countries, such as Hungary and Poland, which may never, perhaps, have sent a single commodity

dity of their own produce to America, is not, perhaps, altogether ſo evident. That thoſe events have done ſo, however, cannot be doubted. Some part of the produce of America is conſumed in Hungary and Poland, and there is ſome demand there for the ſugar, chocolate, and tobacco, of that new quarter of the world. But thoſe commodities muſt be purchaſed with ſomething which is either the produce of the induſtry of Hungary and Poland, or with ſomething which had been purchaſed with ſome part of that produce. Thoſe commodities of America are new values, new equivalents, introduced into Hungary and Poland to be exchanged there for the ſurplus produce of thoſe countries. By being carried thither they create a new and more extenſive market for that ſurplus produce. They raiſe its value, and thereby contribute to encourage its increaſe. Though no part of it may ever be carried to America, it may be carried to other countries which purchaſe it with a part of their ſhare of the ſurplus produce of America; and it may find a market by means of the circulation of that trade which was originally put into motion by the ſurplus produce of America.

Thoſe great events may even have contributed to increaſe the enjoyments, and to augment the induſtry of countries which, not only never ſent any commodities to America, but never received any from it. Even ſuch countries may have received a greater abundance of other commodities from countries of which the ſurplus produce

produce had been augmented by means of the American trade. This greater abundance, as it muſt neceſſarily have increaſed their enjoyments, ſo it muſt likewiſe have augmented their induſtry. A greater number of new equivalents of ſome kind or other muſt have been preſented to them to be exchanged for the ſurplus produce of that induſtry. A more extenſive market muſt have been created for that ſurplus produce, ſo as to raiſe its value, and thereby encourage its increaſe. The maſs of commodities annually thrown into the great circle of European commerce, and by its various revolutions annually diſtributed among all the different nations comprehended within it, muſt have been augmented by the whole ſurplus produce of America. A greater ſhare of this greater maſs, therefore, is likely to have fallen to each of thoſe nations, to have increaſed their enjoyments, and augmented their induſtry.

The excluſive trade of the mother countries tends to diminiſh, or, at leaſt, to keep down below what they would otherwiſe riſe to, both the enjoyments and induſtry of all thoſe nations in general, and of the American colonies in particular. It is a dead weight upon the action of one of the great ſprings which puts into motion a great part of the buſineſs of mankind. By rendering the colony produce dearer in all other countries, it leſſens its conſumption, and thereby cramps the induſtry of the colonies, and both the enjoyments and the induſtry of all other countries, which both enjoy leſs when they pay more

for what they enjoy, and produce leſs when they get leſs for what they produce. By rendering the produce of all other countries dearer in the colonies, it cramps, in the ſame manner, the induſtry of all other countries, and both the enjoyments and the induſtry of the colonies. It is a clog which, for the ſuppoſed benefit of ſome particular countries, embarraſſes the pleaſures, and encumbers the induſtry of all other countries; but of the colonies more than of any other. It not only excludes, as much as poſſible, all other countries from one particular market; but it confines, as much as poſſible, the colonies to one particular market: and the difference is very great between being excluded from one particular market, when all others are open, and being confined to one particular market, when all others are ſhut up. The ſurplus produce of the colonies, however, is the original ſource of all that increaſe of enjoyments and induſtry which Europe derives from the diſcovery and colonization of America; and the excluſive trade of the mother countries tends to render this ſource much leſs abundant than it otherwiſe would be.

The particular advantages which each colonizing country derives from the colonies which particularly belong to it, are of two different kinds; firſt, thoſe common advantages which every empire derives from the provinces ſubject to its dominion; and, ſecondly, thoſe peculiar advantages which are ſuppoſed to reſult from provinces of ſo very peculiar a nature as the European colonies of America.

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The common advantages which every empire derives from the provinces subject to its dominion, consist, first, in the military force which they furnish for its defence; and, secondly, in the revenue which they furnish for the support of its civil government. The Roman colonies furnished occasionally both the one and the other. The Greek colonies, sometimes, furnished a military force; but seldom any revenue. They seldom acknowledged themselves subject to the dominion of the mother city. They were generally her allies in war, but very seldom her subjects in peace.

The European colonies of America have never yet furnished any military force for the defence of the mother country. Their military force has never yet been sufficient for their own defence; and in the different wars in which the mother countries have been engaged, the defence of their colonies has generally occasioned a very considerable distraction of the military force of those countries. In this respect, therefore, all the European colonies have, without exception, been a cause rather of weakness than of strength to their respective mother countries.

The colonies of Spain and Portugal only have contributed any revenue towards the defence of the mother country, or the support of her civil government. The taxes which have been levied upon those of other European nations, upon those of England in particular, have seldom been equal to the expence laid out upon them in time of peace, and never sufficient to defray that

which they occaſioned in time of war. Such colonies, therefore, have been a ſource of expence and not of revenue to their reſpective mother countries.

The advantages of ſuch colonies to their reſpective mother countries, conſiſt altogether in thoſe peculiar advantages which are ſuppoſed to reſult from provinces of ſo very peculiar a nature as the European colonies of America; and the excluſive trade, it is acknowledged, is the ſole ſource of all thoſe peculiar advantages.

In conſequence of this excluſive trade, all that part of the ſurplus produce of the Engliſh colonies, for example, which conſiſts in what are called enumerated commodities, can be ſent to no other country but England. Other countries muſt afterwards buy it of her. It muſt be cheaper therefore in England than it can be in any other country, and muſt contribute more to increaſe the enjoyments of England than thoſe of any other country. It muſt likewiſe contribute more to encourage her induſtry. For all thoſe parts of her own ſurplus produce which England exchanges for thoſe enumerated commodities, ſhe muſt get a better price than any other countries can get for the like parts of theirs, when they exchange them for the ſame commodities. The manufactures of England, for example, will purchaſe a greater quantity of the ſugar and tobacco of her own colonies, than the like manufactures of other countries can purchaſe of that ſugar and tobacco. So far, therefore, as the manufactures of England and

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thoſe of other countries are both to be exchanged for the ſugar and tobacco of the Engliſh colonies, this ſuperiority of price gives an encouragement to the former, beyond what the latter can in theſe circumſtances enjoy. The excluſive trade of the colonies, therefore, as it diminiſhes, or, at leaſt, keeps down below what they would otherwiſe riſe to, both the enjoyments and the induſtry of the countries which do not poſſeſs it; ſo it gives an evident advantage to the countries which do poſſeſs it over thoſe other countries.

This advantage, however, will, perhaps, be found to be rather what may be called a relative than an abſolute advantage; and to give a ſuperiority to the country which enjoys it, rather by depreſſing the induſtry and produce of other countries, than by raiſing thoſe of that particular country above what they would naturally riſe to in the caſe of a free trade.

The tobacco of Maryland and Virginia, for example, by means of the monopoly which England enjoys of it, certainly comes cheaper to England than it can do to France, to whom England commonly ſells a conſiderable part of it. But had France, and all other European countries been, at all times, allowed a free trade to Maryland and Virginia, the tobacco of thoſe colonies might, by this time, have come cheaper than it actually does, not only to all thoſe other countries, but likewiſe to England. The produce of tobacco, in conſequence of a market ſo much more extenſive than any which it has hitherto enjoyed, might, and probably would,

by this time, have been ſo much increaſed as to reduce the profits of a tobacco plantation to their natural level with thoſe of a corn plantation, which, it is ſuppoſed, they are ſtill ſomewhat above. The price of tobacco might, and probably would, by this time, have fallen ſomewhat lower than it is at preſent. An equal quantity of the commodities either of England, or of thoſe other countries, might have purchaſed in Maryland and Virginia a greater quantity of tobacco than it can do at preſent, and, conſequently, have been ſold there for ſo much a better price. So far as that weed, therefore, can, by its cheapneſs and abundance, increaſe the enjoyments or augment the induſtry either of England or of any other country, it would, probably, in the caſe of a free trade, have produced both theſe effects in ſomewhat a greater degree than it can do at preſent. England, indeed, would not in this caſe have had any advantage over other countries. She might have bought the tobacco of her colonies ſomewhat cheaper, and, conſequently, have ſold ſome of her own commodities ſomewhat dearer than ſhe actually does. But ſhe could neither have bought the one cheaper nor ſold the other dearer than any other country might have done. She might, perhaps, have gained an abſolute, but ſhe would certainly have loſt a relative advantage.

In order, however, to obtain this relative advantage in the colony trade, in order to execute the invidious and malignant project of excluding as much as poſſible other nations from any ſhare

in it, England, there are very probable reasons for believing, has not only sacrificed a part of the absolute advantage, which she, as well as every other nation, might have derived from that trade, but has subjected herself both to an absolute and to a relative disadvantage in almost every other branch of trade.

When, by the act of navigation, England assumed to herself the monopoly of the colony trade, the foreign capitals which had before been employed in it were necessarily withdrawn from it. The English capital, which had before carried on but a part of it, was now to carry on the whole. The capital which had before supplied the colonies with but a part of the goods which they wanted from Europe, was now all that was employed to supply them with the whole. But it could not supply them with the whole, and the goods with which it did supply them were necessarily sold very dear. The capital which had before bought but a part of the surplus produce of the colonies, was now all that was employed to buy the whole. But it could not buy the whole at any thing near the old price, and, therefore, whatever it did buy it necessarily bought very cheap. But in an employment of capital in which the merchant sold very dear and bought very cheap, the profit must have been very great, and much above the ordinary level of profit in other branches of trade. This superiority of profit in the colony trade could not fail to draw from other branches of trade a part of the capital which had before been employed in them. But this revulsion of capital, as it must have gradually increased

increaſed the competition of capitals in the colony trade, ſo it muſt have gradually diminiſhed that competition in all thoſe other branches of trade; as it muſt have gradually lowered the profits of the one, ſo it muſt have gradually raiſed thoſe of the other, till the profits of all came to a new level, different from and ſomewhat higher than that at which they had been before.

This double effect, of drawing capital from all other trades, and of raiſing the rate of profit ſomewhat higher than it otherwiſe would have been in all trades, was not only produced by this monopoly upon its firſt eſtabliſhment, but has continued to be produced by it ever ſince.

Firſt, this monopoly has been continually drawing capital from all other trades to be employed in that of the colonies.

Though the wealth of Great Britain has increaſed very much ſince the eſtabliſhment of the act of navigation, it certainly has not increaſed in the ſame proportion as that of the colonies. But the foreign trade of every country naturally increaſes in proportion to its wealth, its ſurplus produce in proportion to its whole produce; and Great Britain having engroſſed to herſelf almoſt the whole of what may be called the foreign trade of the colonies, and her capital not having increaſed in the ſame proportion as the extent of that trade, ſhe could not carry it on without continually withdrawing from other branches of trade ſome part of the capital which had before been employed in them, as well as withholding from them a great deal more which would otherwiſe have gone to them. Since the eſtabliſhment

of the act of navigation, accordingly, the colony trade has been continually increasing, while many other branches of foreign trade, particularly of that to other parts of Europe, have been continually decaying. Our manufactures for foreign sale, instead of being suited, as before the act of navigation, to the neighbouring market of Europe, or to the more distant one of the countries which lie round the Mediterranean sea, have, the greater part of them, been accommodated to the still more distant one of the colonies, to the market in which they have the monopoly, rather than to that in which they have many competitors. The causes of decay in other branches of foreign trade, which, by Sir Matthew Decker and other writers, have been sought for in the excess and improper mode of taxation, in the high price of labour, in the increase of luxury, &c. may all be found in the over-growth of the colony trade. The mercantile capital of Great Britain, though very great, yet not being infinite; and though greatly increased since the act of navigation, yet not being increased in the same proportion as the colony trade, that trade could not possibly be carried on without withdrawing some part of that capital from other branches of trade, nor consequently without some decay of those other branches.

England, it must be observed, was a great trading country, her mercantile capital was very great and likely to become still greater and greater every day, not only before the act of navigation had established the monopoly of the colony

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colony trade, but before that trade was very considerable. In the Dutch war, during the government of Cromwel, her navy was superior to that of Holland; and in that which broke out in the beginning of the reign of Charles II. it was at least equal, perhaps superior, to the united navies of France and Holland. Its superiority, perhaps, would scarce appear greater in the present times; at least if the Dutch navy was to bear the same proportion to the Dutch commerce now which it did then. But this great naval power could not, in either of those wars, be owing to the act of navigation. During the first of them the plan of that act had been but just formed; and though before the breaking out of the second it had been fully enacted by legal authority; yet no part of it could have had time to produce any considerable effect, and least of all that part which established the exclusive trade to the colonies. Both the colonies and their trade were inconsiderable then in comparison of what they are now. The island of Jamaica was an unwholesome desert, little inhabited, and less cultivated. New York and New Jersey were in the possession of the Dutch: the half of St. Christopher's in that of the French. The island of Antigua, the two Carolinas, Pensylvania, Georgia, and Nova Scotia, were not planted. Virginia, Maryland, and New England were planted; and though they were very thriving colonies, yet there was not, perhaps, at that time, either in Europe or America, a single person who foresaw or even suspected the rapid progress which

which they have ſince made in wealth, population and improvement. The iſland of Barbadoes, in ſhort, was the only Britiſh colony of any conſequence of which the condition at that time bore any reſemblance to what it is at preſent. The trade of the colonies, of which England, even for ſome time after the act of navigation, enjoyed but a part (for the act of navigation was not very ſtrictly executed till ſeveral years after it was enacted), could not at that time be the cauſe of the great trade of England, nor of the great naval power which was ſupported by that trade. The trade which at that time ſupported that great naval power was the trade of Europe, and of the countries which lie round the Mediterranean ſea. But the ſhare which Great Britain at preſent enjoys of that trade could not ſupport any ſuch great naval power. Had the growing trade of the colonies been left free to all nations, whatever ſhare of it might have fallen to Great Britain, and a very conſiderable ſhare would probably have fallen to her, muſt have been all an addition to this great trade of which ſhe was before in poſſeſſion. In conſequence of the monopoly, the increaſe of the colony trade has not ſo much occaſioned an addition to the trade which Great Britain had before, as a total change in its direction.

Secondly, this monopoly has neceſſarily contributed to keep up the rate of profit in all the different branches of Britiſh trade higher than it naturally would have been, had all nations been allowed a free trade to the Britiſh colonies.

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The monopoly of the colony trade, as it necessarily drew towards that trade a greater proportion of the capital of Great Britain than what would have gone to it of its own accord; so by the expulsion of all foreign capitals it necessarily reduced the whole quantity of capital employed in that trade below what it naturally would have been in the case of a free trade. But, by lessening the competition of capitals in that branch of trade, it necessarily raised the rate of profit in that branch. By lessening too the competition of British capitals in all other branches of trade, it necessarily raised the rate of British profit in all those other branches. Whatever may have been, at any particular period, since the establishment of the act of navigation, the state or extent of the mercantile capital of Great Britain, the monopoly of the colony trade must, during the continuance of that state, have raised the ordinary rate of British profit higher than it otherwise would have been both in that and in all the other branches of British trade. If, since the establishment of the act of navigation, the ordinary rate of British profit has fallen considerably, as it certainly has, it must have fallen still lower, had not the monopoly established by that act contributed to keep it up.

But whatever raises in any country the ordinary rate of profit higher than it otherwise would be, necessarily subjects that country both to an absolute and to a relative disadvantage in every branch of trade of which she has not the monopoly.

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It subjects her to an absolute disadvantage: because in such branches of trade her merchants cannot get this greater profit, without selling dearer than they otherwise would do both the goods of foreign countries which they import into their own, and the goods of their own country which they export to foreign countries. Their own country must both buy dearer and sell dearer; must both buy less and sell less; must both enjoy less and produce less, than she otherwise would do.

It subjects her to a relative disadvantage; because in such branches of trade it sets other countries which are not subject to the same absolute disadvantage, either more above her or less below her than they otherwise would be. It enables them both to enjoy more and to produce more in proportion to what she enjoys and produces. It renders their superiority greater or their inferiority less than it otherwise would be. By raising the price of her produce above what it otherwise would be, it enables the merchants of other countries to undersell her in foreign markets, and thereby to justle her out of almost all those branches of trade, of which she has not the monopoly.

Our merchants frequently complain of the high wages of British labour as the cause of their manufactures being undersold in foreign markets; but they are silent about the high profits of stock. They complain of the extravagant gain of other people; but they say nothing of their own. The high profits of British stock, however, may contribute towards raising the price of British manufactures in many cases as much, and

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BOOK IV. in ſome perhaps more, than the high wages of Britiſh labour.

It is in this manner that the capital of Great Britain, one may juſtly ſay, has partly been drawn and partly been driven from the greater part of the different branches of trade of which ſhe has not the monopoly; from the trade of Europe in particular, and from that of the countries which lie round the Mediterranean ſea.

It has partly been drawn from thoſe branches of trade; by the attraction of ſuperior profit in the colony trade in conſequence of the continual increaſe of that trade, and of the continual inſufficiency of the capital which had carried it on one year to carry it on the next.

It has partly been driven from them; by the advantage which the high rate of profit, eſtabliſhed in Great Britain, gives to other countries, in all the different branches of trade of which Great Britain has not the monopoly.

As the monopoly of the colony trade has drawn from thoſe other branches a part of the Britiſh capital which would otherwiſe have been employed in them, ſo it has forced into them many foreign capitals which would never have gone to them, had they not been expelled from the colony trade. In thoſe other branches of trade it has diminiſhed the competition of Britiſh capitals, and thereby raiſed the rate of Britiſh profit higher than it otherwiſe would have been. On the contrary, it has increaſed the competition of foreign capitals, and thereby ſunk the rate of foreign profit lower than it otherwiſe would have been. Both in the one way and in the other it muſt evidently have

have subjected Great Britain to a relative disadvantage in all those other branches of trade.

The colony trade, however, it may perhaps be said, is more advantageous to Great Britain than any other; and the monopoly, by forcing into that trade a greater proportion of the capital of Great Britain than would otherwise have gone to it, has turned that capital into an employment more advantageous to the country than any other which it could have found.

The most advantageous employment of any capital to the country to which it belongs, is that which maintains there the greatest quantity of productive labour, and increases the most the annual produce of the land and labour of that country. But the quantity of productive labour which any capital employed in the foreign trade of consumption can maintain, is exactly in proportion, it has been shewn in the second book, to the frequency of its returns. A capital of a thousand pounds, for example, employed in a foreign trade of consumption, of which the returns are made regularly once in the year, can keep in constant employment, in the country to which it belongs, a quantity of productive labour equal to what a thousand pounds can maintain there for a year. If the returns are made twice or thrice in the year, it can keep in constant employment a quantity of productive labour equal to what two or three thousand pounds can maintain there for a year. A foreign trade of consumption carried on with neighbouring, is, upon this account, in gene , r

advantageous than one carried on with a diſtant country; and for the ſame reaſon a direct foreign trade of conſumption, as it has likewiſe been ſhewn in the ſecond book, is in general more advantageous than a round-about one.

But the monopoly of the colony trade, ſo far as it has operated upon the employment of the capital of Great Britain, has in all caſes forced ſome part of it from a foreign trade of conſumption carried on with a neighbouring, to one carried on with a more diſtant country, and in many caſes from a direct foreign trade of conſumption to a round-about one.

Firſt, the monopoly of the colony trade has in all caſes forced ſome part of the capital of Great Britain from a foreign trade of conſumption carried on with a neighbouring, to one carried on with a more diſtant country.

It has, in all caſes, forced ſome part of that capital from the trade with Europe, and with the countries which lie round the Mediterranean ſea, to that with the more diſtant regions of America and the Weſt Indies, from which the returns are neceſſarily leſs frequent, not only on account of the greater diſtance, but on account of the peculiar circumſtances of thoſe countries. New colonies, it has already been obſerved, are always underſtocked. Their capital is always much leſs than what they could employ with great profit and advantage in the improvement and cultivation of their land. They have a conſtant demand, therefore, for more capital than they have of their own; and, in order to ſupply the deficiency

deficiency of their own, they endeavour to borrow as much as they can of the mother country, to whom they are, therefore, always in debt. The moſt common way in which the coloniſts contract this debt, is not by borrowing upon bond of the rich people of the mother country, though they ſometimes do this too, but by running as much in arrear to their correſpondents, who ſupply them with goods from Europe, as thoſe correſpondents will allow them. Their annual returns frequently do not amount to more than a third, and ſometimes not ſo great a proportion of what they owe. The whole capital, therefore, which their correſpondents advance to them is ſeldom returned to Britain in leſs than three, and ſometimes not in leſs than four or five years. But a Britiſh capital of a thouſand pounds, for example, which is returned to Great Britain only once in five years, can keep in conſtant employment only one-fifth part of the Britiſh induſtry which it could maintain if the whole was returned once in the year; and, inſtead of the quantity of induſtry which a thouſand pounds could maintain for a year, can keep in conſtant employment the quantity only which two hundred pounds can maintain for a year. The planter, no doubt, by the high price which he pays for the goods from Europe, by the intereſt upon the bills which he grants at diſtant dates, and by the commiſſion upon the renewal of thoſe which he grants at near dates, makes up, and probably more than makes up, all the loſs which his correſpondent can ſuſtain by this delay. But,

though he may make up the loſs of his correſpondent, he cannot make up that of Great Britain. In a trade of which the returns are very diſtant, the profit of the merchant may be as great or greater than in one in which they are very frequent and near; but the advantage of the country in which he reſides, the quantity of productive labour conſtantly maintained there, the annual produce of the land and labour muſt always be much leſs. That the returns of the trade to America, and ſtill more thoſe of that to the Weſt Indies, are, in general, not only more diſtant, but more irregular, and more uncertain too, than thoſe of the trade to any part of Europe, or even of the countries which lie round the Mediterranean ſea, will readily be allowed, I imagine, by every body who has any experience of thoſe different branches of trade.

Secondly, the monopoly of the colony trade has, in many caſes, forced ſome part of the capital of Great Britain from a direct foreign trade of conſumption, into a round-about one.

Among the enumerated commodities which can be ſent to no other market but Great Britain, there are ſeveral of which the quantity exceeds very much the conſumption of Great Britain, and of which a part, therefore, muſt be exported to other countries. But this cannot be done without forcing ſome part of the capital of Great Britain into a round-about foreign trade of conſumption. Maryland and Virginia, for example, ſend annually to Great Britain upwards of ninety-ſix thouſand hogſheads of tobacco, and

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the consumption of Great Britain is said not to exceed fourteen thousand. Upwards of eighty-two thousand hogsheads, therefore, must be exported to other countries, to France, to Holland, and to the countries which lie round the Baltic and Mediterranean seas. But, that part of the capital of Great Britain which brings those eighty-two thousand hogsheads to Great Britain, which re-exports them from thence to those other countries, and which brings back from those other countries to Great Britain either goods or money in return, is employed in a round-about foreign trade of consumption; and is necessarily forced into this employment in order to dispose of this great surplus. If we would compute in how many years the whole of this capital is likely to come back to Great Britain, we must add to the distance of the American returns that of the returns from those other countries. If, in the direct foreign trade of consumption which we carry on with America, the whole capital employed frequently does not come back in less than three or four years; the whole capital employed in this round-about one is not likely to come back in less than four or five. If the one can keep in constant employment but a third or a fourth part of the domestic industry which could be maintained by a capital returned once in the year, the other can keep in constant employment but a fourth or a fifth part of that industry. At some of the outports a credit is commonly given to those foreign correspondents to whom they export

their tobacco. At the port of London, indeed, it is commonly ſold for ready money. The rule is, *Weigh and Pay*. At the port of London, therefore, the final returns of the whole round-about trade are more diſtant than the returns from America by the time only which the goods may lie unſold in the warehouſe; where, however, they may ſometimes lie long enough. But, had not the colonies been confined to the market of Great Britain for the ſale of their tobacco, very little more of it would probably have come to us than what was neceſſary for the home conſumption. The goods which Great Britain purchaſes at preſent for her own conſumption with the great ſurplus of tobacco which ſhe exports to other countries, ſhe would, in this caſe, probably have purchaſed with the immediate produce of her own induſtry, or with ſome part of her own manufactures. That produce, thoſe manufactures, inſtead of being almoſt entirely ſuited to one great market, as at preſent, would probably have been fitted to a great number of ſmaller markets. Inſtead of one great round-about foreign trade of conſumption, Great Britain would probably have carried on a great number of ſmall direct foreign trades of the ſame kind. On account of the frequency of the returns, a part, and probably but a ſmall part; perhaps not above a third or a fourth, of the capital which at preſent carries on this great round-about trade, might have been ſufficient to carry on all thoſe ſmall direct ones, might have kept in conſtant employment an equal quantity of Britiſh induſtry, and

and have equally ſupported the annual produce of the land and labour of Great Britain. All the purpoſes of this trade being, in this manner, anſwered by a much ſmaller capital, there would have been a large ſpare capital to apply to other purpoſes; to improve the lands, to increaſe the manufactures, and to extend the commerce of Great Britain; to come into competition at leaſt with the other Britiſh capitals employed in all thoſe different ways, to reduce the rate of profit in them all, and thereby to give to Great Britain, in all of them, a ſuperiority over other countries ſtill greater than what ſhe at preſent enjoys.

The monopoly of the colony trade too has forced ſome part of the capital of Great Britain from all foreign trade of conſumption to a carrying trade; and, conſequently, from ſupporting more or leſs the induſtry of Great Britain, to be employed altogether in ſupporting partly that of the colonies, and partly that of ſome other countries.

The goods, for example, which are annually purchaſed with the great ſurplus of eighty-two thouſand hogſheads of tobacco annually re-exported from Great Britain, are not all conſumed in Great Britain. Part of them, linen from Germany and Holland, for example, is returned to the colonies for their particular conſumption. But, that part of the capital of Great Britain which buys the tobacco with which this linen is afterwards bought, is neceſſarily withdrawn from ſupporting the induſtry of Great

Britain, to be employed altogether in supporting, partly that of the colonies, and partly that of the particular countries who pay for this tobacco with the produce of their own induſtry.

The monopoly of the colony trade beſides, by forcing towards it a much greater proportion of the capital of Great Britain than what would naturally have gone to it, ſeems to have broken altogether that natural balance which would otherwiſe have taken place among all the different branches of Britiſh induſtry. The induſtry of Great Britain, inſtead of being accommodated to a great number of ſmall markets, has been principally ſuited to one great market. Her commerce, inſtead of running in a great number of ſmall channels, has been taught to run principally in one great channel. But the whole ſyſtem of her induſtry and commerce has thereby been rendered leſs ſecure; the whole ſtate of her body politic leſs heathful, than it otherwiſe would have been. In her preſent condition, Great Britain reſembles one of thoſe unwholeſome bodies in which ſome of the vital parts are overgrown, and which, upon that account, are liable to many dangerous diſorders ſcarce incident to thoſe in which all the parts are more properly proportioned. A ſmall ſtop in that great blood-veſſel, which has been artificially ſwelled beyond its natural dimenſions, and through which an unnatural proportion of the induſtry and commerce of the country has been forced to circulate, is very likely to bring on the

the moſt dangerous diſorders upon the whole body politic. The expectation of a rupture with the colonies, accordingly, has ſtruck the people of Great Britain with more terror than they ever felt for a Spaniſh armada, or a French invaſion. It was this terror, whether well or ill grounded, which rendered the repeal of the ſtamp act, among the merchants at leaſt, a popular meaſure. In the total excluſion from the colony market, was it to laſt only for a few years, the greater part of our merchants uſed to fancy that they foreſaw an entire ſtop to their trade; the greater part of our maſter manufacturers, the entire ruin of their buſineſs; and the greater part of our workmen, an end of their employment. A rupture with any of our neighbours upon the continent, though likely too to occaſion ſome ſtop or interruption in the employments of ſome of all theſe different orders of people, is foreſeen, however, without any ſuch general emotion. The blood, of which the circulation is ſtopt in ſome of the ſmaller veſſels, eaſily diſgorges itſelf into the greater, without occaſioning any dangerous diſorder; but, when it is ſtopt in any of the greater veſſels, convulſions, apoplexy, or death, are the immediate and unavoidable conſequences. If but one of thoſe overgrown manufactures, which by means either of bounties or of the monopoly of the home and colony markets, have been artificially raiſed up to an unnatural height, finds ſome ſmall ſtop or interruption in its employment, it frequently occaſions a mutiny and diſorder alarming to government,

government, and embarraſſing even to the deliberations of the legiſlature. How great, therefore, would be the diſorder and confuſion, it was thought, which muſt neceſſarily be occaſioned by a ſudden and entire ſtop in the employment of ſo great a proportion of our principal manufacturers?

Some moderate and gradual relaxation of the laws which give to Great Britain the excluſive trade to the colonies, till it is rendered in a great meaſure free, ſeems to be the only expedient which can, in all future times, deliver her from this danger, which can enable her or even force her to withdraw ſome part of her capital from this overgrown employment, and to turn it, though with leſs profit, towards other employments; and which, by gradually diminiſhing one branch of her induſtry and gradually increaſing all the reſt, can by degrees reſtore all the different branches of it to that natural, healthful, and proper proportion which perfect liberty neceſſarily eſtabliſhes, and which perfect liberty can alone preſerve. To open the colony trade all at once to all nations, might not only occaſion ſome tranſitory inconveniency, but a great permanent loſs to the greater part of thoſe whoſe induſtry or capital is at preſent engaged in it. The ſudden loſs of the employment even of the ſhips which import the eighty-two thouſand hogſheads of tobacco, which are over and above the conſumption of Great Britain, might alone be felt very ſenſibly. Such are the unfortunate effects of all the regulations of the mercantile

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ſyſtem! They not only introduce very dangerous diſorders into the ſtate of the body politic, but diſorders which it is often difficult to remedy, without occaſioning, for a time at leaſt, ſtill greater diſorders. In what manner, therefore, the colony trade ought gradually to be opened; what are the reſtraints which ought firſt, and what are thoſe which ought laſt to be taken away; or in what manner the natural ſyſtem of perfect liberty and juſtice ought gradually to be reſtored, we muſt leave to the wiſdom of future ſtateſmen and legiſlators to determine.

Five different events, unforeſeen and unthought of, have very fortunately concurred to hinder Great Britain from feeling, ſo ſenſibly as it was generally expected ſhe would, the total excluſion which has now taken place for more than a year (from the firſt of December, 1774) from a very important branch of the colony trade, that of the twelve aſſociated provinces of North America. Firſt, thoſe colonies, in preparing themſelves for their non-importation agreement, drained Great Britain completely of all the commodities which were fit for their market; ſecondly, the extraordinary demand of the Spaniſh Flota has, this year, drained Germany and the North of many commodities, linen in particular, which uſed to come into competition, even in the Britiſh market, with the manufactures of Great Britain: thirdly, the peace between Ruſſia and Turkey has occaſioned an extraordinary demand from the Turkey market, which, during the diſtreſs of the country, and while

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while a Ruſſian fleet was cruizing in the Archipelago, had been very poorly ſupplied: fourthly, the demand of the North of Europe for the manufactures of Great Britain, has been increaſing from year to year for ſome time paſt: and, fifthly, the late partition and conſequential pacification of Poland, by opening the market of that great country, have this year added an extraordinary demand from thence to the increaſing demand of the North. Theſe events are all, except the fourth, in their nature tranſitory and accidental, and the excluſion from ſo important a branch of the colony trade, if unfortunately it ſhould continue much longer, may ſtill occaſion ſome degree of diſtreſs. This diſtreſs, however, as it will come on gradually, will be felt much leſs ſeverely than if it had come on all at once; and, in the mean time, the induſtry and capital of the country may find a new employment and direction, ſo as to prevent this diſtreſs from ever riſing to any conſiderable height.

The monopoly of the colony trade, therefore, ſo far as it has turned towards that trade a greater proportion of the capital of Great Britain than what would otherwiſe have gone to it, has in all caſes turned it, from a foreign trade of conſumption with a neighbouring, into one with a more diſtant country; in many caſes, from a direct foreign trade of conſumption, into a round-about one; and in ſome caſes, from all foreign trade of conſumption, into a carrying trade. It has in all caſes, therefore, turned it, from a direction in which it would have main-

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tained a greater quantity of productive labour, into one, in which it can maintain a much ſmaller quantity. By ſuiting, beſides, to one particular market only, ſo great a part of the induſtry and commerce of Great Britain, it has rendered the whole ſtate of that induſtry and commerce more precarious and leſs ſecure, than if their produce had been accommodated to a greater variety of markets.

We muſt carefully diſtinguiſh between the effects of the colony trade and thoſe of the monopoly of that trade. The former are always and neceſſarily beneficial; the latter always and neceſſarily hurtful. But the former are ſo beneficial, that the colony trade, though ſubject to a monopoly, and notwithſtanding the hurtful effects of that monopoly, is ſtill upon the whole beneficial, and greatly beneficial; though a good deal leſs ſo than it otherwiſe would be.

The effect of the colony trade in its natural and free ſtate, is to open a great, though diſtant market for ſuch parts of the produce of Britiſh induſtry as may exceed the demand of the markets nearer home, of thoſe of Europe, and of the countries which lie round the Mediterranean ſea. In its natural and free ſtate, the colony trade, without drawing from thoſe markets any part of the produce which had ever been ſent to them, encourages Great Britain to increaſe the ſurplus continually, by continually preſenting new equivalents to be exchanged for it. In its natural and free ſtate, the colony trade tends to increaſe the quantity of productive labour in Great

Britain, but without altering in any respect the direction of that which had been employed there before. In the natural and free state of the colony trade, the competition of all other nations would hinder the rate of profit from rising above the common level either in the new market, or in the new employment. The new market, without drawing any thing from the old one, would create, if one may say so, a new produce for its own supply; and that new produce would constitute a new capital for carrying on the new employment, which in the same manner would draw nothing from the old one.

The monopoly of the colony trade, on the contrary, by excluding the competition of other nations, and thereby raising the rate of profit both in the new market and in the new employment, draws produce from the old market and capital from the old employment. To augment our share of the colony trade beyond what it otherwise would be, is the avowed purpose of the monopoly. If our share of that trade were to be no greater with, than it would have been without the monopoly, there could have been no reason for establishing the monopoly. But whatever forces into a branch of trade of which the returns are slower and more distant than those of the greater part of other trades, a greater proportion of the capital of any country, than what of its own accord would go to that branch, necessarily renders the whole quantity of productive labour annually maintained there, the whole annual produce of the land and labour of that

that country, leſs than they otherwiſe would be. It keeps down the revenue of the inhabitants of that country, below what it would naturally riſe to, and thereby diminiſhes their power of accumulation. It not only hinders, at all times, their capital from maintaining ſo great a quantity of productive labour as it would otherwiſe maintain, but it hinders it from increaſing ſo faſt as it would otherwiſe increaſe, and conſequently from maintaining a ſtill greater quantity of productive labour.

The natural good effects of the colony trade, however, more than counterbalance to Great Britain the bad effects of the monopoly, ſo that, monopoly and altogether, that trade, even as it is carried on at preſent, is not only advantageous, but greatly advantageous. The new market and the new employment which are opened by the colony trade, are of much greater extent than that portion of the old market and of the old employment which is loſt by the monopoly. The new produce and the new capital which has been created, if one may ſay ſo, by the colony trade, maintain in Great Britain a greater quantity of productive labour, than what can have been thrown out of employment by the revulſion of capital from other trades of which the returns are more frequent. If the colony trade, however, even as it is carried on at preſent, is advantageous to Great Britain, it is not by means of the monopoly, but in ſpite of the monopoly.

It is rather for the manufactured than for the rude produce of Europe, that the colony trade

opens a new market. Agriculture is the proper bufinefs of all new colonies; a bufinefs which the cheapnefs of land renders more advantageous than any other. They abound, therefore, in the rude produce of land, and inftead of importing it from other countries, they have generally a large furplus to export. In new colonies, agriculture either draws hands from all other employments, or keeps them from going to any other employment. There are few hands to fpare for the neceffary, and none for the ornamental manufactures. The greater part of the manufactures of both kinds, they find it cheaper to purchafe of other countries than to make for themfelves. It is chiefly by encouraging the manufactures of Europe, that the colony trade indirectly encourages its agriculture. The manufacturers of Europe, to whom that trade gives employment, conftitute a new market for the produce of the land; and the moft advantageous of all markets; the home market for the corn and cattle, for the bread and butcher's-meat of Europe; is thus greatly extended by means of the trade to America.

But that the monopoly of the trade of populous and thriving colonies is not alone fufficient to eftablifh, or even to maintain manufactures in any country, the examples of Spain and Portugal fufficiently demonftrate. Spain and Portugal were manufacturing countries before they had any confiderable colonies. Since they had the richeft and moft fertile in the world, they have both ceafed to be fo.

In

In Spain and Portugal, the bad effects of the monopoly, aggravated by other causes, have, perhaps, nearly overbalanced the natural good effects of the colony trade. These causes seem to be, other monopolies of different kinds; the degradation of the value of gold and silver below what it is in most other countries; the exclusion from foreign markets by improper taxes upon exportation, and the narrowing of the home market, by still more improper taxes upon the transportation of goods from one part of the country to another; but above all, that irregular and partial administration of justice, which often protects the rich and powerful debtor from the pursuit of his injured creditor, and which makes the industrious part of the nation afraid to prepare goods for the consumption of those haughty and great men, to whom they dare not refuse to sell upon credit, and from whom they are altogether uncertain of repayment.

In England, on the contrary, the natural good effects of the colony trade, assisted by other causes, have in a great measure conquered the bad effects of the monopoly. These causes seem to be, the general liberty of trade, which, notwithstanding some restraints, is at least equal, perhaps superior, to what it is in any other country; the liberty of exporting, duty free, almost all sorts of goods which are the produce of domestic industry, to almost any foreign country; and what, perhaps, is of still greater importance, the unbounded liberty of transporting them from any one part of our own country

to any other, without being obliged to give any account to any public office, without being liable to queſtion or examination of any kind; but above all, that equal and impartial adminiſtration of juſtice which renders the rights of the meaneſt Britiſh ſubject reſpectable to the greateſt, and which, by ſecuring to every man the fruits of his own induſtry, gives the greateſt and moſt effectual encouragement to every ſort induſtry.

If the manufactures of Great Britain, however, have been advanced, as they certainly have, by the colony trade, it has not been by means of the monopoly of that trade, but in ſpite of the monopoly. The effect of the monopoly has been, not to augment the quantity, but to alter the quality and ſhape of a part of the manufactures of Great Britain, and to accommodate to a market, from which the returns are ſlow and diſtant, what would otherwiſe have been accommodated to one from which the returns are frequent and near. Its effect has conſequently been to turn a part of the capital of Great Britain from an employment in which it would have maintained a greater quantity of manufacturing induſtry, to one in which it maintains a much ſmaller, and thereby to diminiſh, inſtead of increaſing, the whole quantity of manufacturing induſtry maintained in Great Britain.

The monopoly of the colony trade, therefore, like all the other mean and malignant expedients of the mercantile ſyſtem, depreſſes the induſtry of

of all other countries, but chiefly that of the colonies, without in the leaſt increaſing, but on the contrary diminiſhing, that of the country in whoſe favour it is eſtabliſhed.

The monopoly hinders the capital of that country, whatever may at any particular time be the extent of that capital, from maintaining ſo great a quantity of productive labour as it would otherwiſe maintain, and from affording ſo great a revenue to the induſtrious inhabitants as it would otherwiſe afford. But as capital can be increaſed only by ſavings from revenue, the monopoly, by hindering it from affording ſo great a revenue as it would otherwiſe afford, neceſſarily hinders it from increaſing ſo faſt as it would otherwiſe increaſe, and conſequently from maintaining a ſtill greater quantity of productive labour, and affording a ſtill greater revenue to the induſtrious inhabitants of that country. One great original ſource of revenue, therefore, the wages of labour, the monopoly muſt neceſſarily have rendered at all times leſs abundant than it otherwiſe would have been.

By raiſing the rate of mercantile profit, the monopoly diſcourages the improvement of land. The profit of improvement depends upon the difference between what the land actually produces, and what, by the application of a certain capital, it can be made to produce. If this difference affords a greater profit than what can be drawn from an equal capital in any mercantile employment, the improvement of land will draw capital from all mercantile employments. If

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the profit is leſs, mercantile employments will draw capital from the improvement of land. Whatever therefore raiſes the rate of mercantile profit, either leſſens the ſuperiority or increaſes the inferiority of the profit of improvement; and in the one caſe hinders capital from going to improvement, and in the other draws capital from it. But by diſcouraging improvement, the monopoly neceſſarily retards the natural increaſe of another great original ſource of revenue, the rent of land. By raiſing the rate of profit too, the monopoly neceſſarily keeps up the market rate of intereſt higher than it otherwiſe would be. But the price of land in proportion to the rent which it affords, the number of years purchaſe which is commonly paid for it, neceſſarily falls as the rate of intereſt riſes, and riſes as the rate of intereſt falls. The monopoly, therefore, hurts the intereſt of the landlord two different ways, by retarding the natural increaſe, firſt, of his rent, and ſecondly, of the price which he would get for his land in proportion to the rent which it affords.

The monopoly, indeed, raiſes the rate of mercantile profit, and thereby augments ſomewhat the gain of our merchants. But as it obſtructs the natural increaſe of capital, it tends rather to diminiſh than to increaſe the ſum total of the revenue which the inhabitants of the country derive from the profits of ſtock; a ſmall profit upon a great capital generally affording a greater revenue than a great profit upon a ſmall one. The monopoly raiſes the rate of profit, but it hinders

hinders the ſum of profit from riſing ſo high as it otherwiſe would do.

All the original ſources of revenue, the wages of labour, the rent of land, and the profits of ſtock, the monopoly renders much leſs abundant than they otherwiſe would be. To promote the little intereſt of one little order of men in one country, it hurts the intereſt of all other orders of men in that country, and of all men in all other countries.

It is ſolely by raiſing the ordinary rate of profit that the monopoly either has proved or could prove advantageous to any one particular order of men. But beſides all the bad effects to the country in general, which have already been mentioned as neceſſarily reſulting from a high rate of profit; there is one more fatal, perhaps, than all theſe put together, but which, if we may judge from experience, is inſeparably connected with it. The high rate of profit ſeems every where to deſtroy that parſimony which in other circumſtances is natural to the character of the merchant. When profits are high, that ſober virtue ſeems to be ſuperfluous, and expenſive luxury to ſuit better the affluence of his ſituation. But the owners of the great mercantile capitals are neceſſarily the leaders and conductors of the whole induſtry of every nation, and their example has a much greater influence upon the manners of the whole induſtrious part of it than that of any other order of men. If his employer is attentive and parſimonious, the workman is very likely to be ſo too; but if the maſter is diſſolute

and diſorderly, the ſervant who ſhapes his work according to the pattern which his maſter preſcribes to him, will ſhape his life too according to the example which he ſets him. Accumulation is thus prevented in the hands of all thoſe who are naturally the moſt diſpoſed to accumulate; and the funds deſtined for the maintenance of productive labour receive no augmentation from the revenue of thoſe who ought naturally to augment them the moſt. The capital of the country, inſtead of increaſing, gradually dwindles away, and the quantity of productive labour maintained in it grows every day leſs and leſs. Have the exorbitant profits of the merchants of Cadiz and Liſbon augmented the capital of Spain and Portugal? Have they alleviated the poverty, have they promoted the induſtry of thoſe two beggarly countries? Such has been the tone of mercantile expence in thoſe two trading cities, than thoſe exorbitant profits, far from augmenting the general capital of the country, ſeem ſcarce to have been ſufficient to keep up the capitals upon which they were made. Foreign capitals are every day intruding themſelves, if I may ſay ſo, more and more into the trade of Cadiz and Liſbon. It is to expel thoſe foreign capitals from a trade which their own grows every day more and more inſufficient for carrying on, that the Spaniards and Portugueſe endeavour every day to ſtraiten more and more the galling bands of their abſurd monopoly. Compare the mercantile manners of Cadiz and Liſbon with thoſe of Amſterdam, and you will be ſenſible

ble how differently the conduct and character of merchants are affected by the high and by the low profits of ſtock. The merchants of London, indeed, have not yet generally become ſuch magnificent lords as thoſe of Cadiz and Liſbon; but neither are they in general ſuch attentive and parſimonious burghers as thoſe of Amſterdam. They are ſuppoſed, however, many of them, to be a good deal richer than the greater part of the former, and not quite ſo rich as many of the latter. But the rate of their profit is commonly much lower than that of the former, and a good deal higher than that of the latter. Light come light go, ſays the proverb; and the ordinary tone of expence ſeems every where to be regulated, not ſo much according to the real ability of ſpending, as to the ſuppoſed facility of getting money to ſpend.

It is thus that the ſingle advantage which the monopoly procures to a ſingle order of men, is in many different ways hurtful to the general intereſt of the country.

To found a great empire for the ſole purpoſe of raiſing up a people of cuſtomers, may at firſt ſight appear a project fit only for a nation of ſhopkeepers. It is, however, a project altogether unfit for a nation of ſhopkeepers; but extremely fit for a nation whoſe government is influenced by ſhopkeepers. Such ſtateſmen, and ſuch ſtateſmen only, are capable of fancying that they will find ſome advantage in employing the blood and treaſure of their fellow-citizens, to found and maintain ſuch an empire. Say to a ſhopkeeper, Buy me a good eſtate, and I ſhall always buy my clothes at your ſhop, even

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though I ſhould pay ſomewhat dearer than what I can have them for at other ſhops; and you will not find him very forward to embrace your propoſal. But ſhould any other perſon buy you ſuch an eſtate, the ſhopkeeper would be much obliged to your benefactor if he would enjoin you to buy all your clothes at his ſhop. England purchaſed for ſome of her ſubjects, who found themſelves uneaſy at home, a great eſtate in a diſtant country. The price, indeed, was very ſmall, and inſtead of thirty years purchaſe, the ordinary price of land in the preſent times, it amounted to little more than the expence of the different equipments which made the firſt diſcovery, reconnoitred the coaſt, and took a fictitious poſſeſſion of the country. The land was good and of great extent, and the cultivators having plenty of good ground to work upon, and being for ſome time at liberty to ſell their produce where they pleaſed, became in the courſe of little more than thirty or forty years (between 1620 and 1660) ſo numerous and thriving a people, that the ſhopkeepers and other traders of England wiſhed to ſecure to themſelves the monopoly of their cuſtom. Without pretending, therefore, that they had paid any part, either of the original purchaſe-money, or of the ſubſequent expence of improvement, they petitioned the parliament that the cultivators of America might for the future be confined to their ſhop; firſt, for buying all the goods which they wanted from Europe; and, ſecondly, for ſelling all ſuch parts of their own produce as thoſe traders might find it convenient to buy. For they

they did not find it convenient to buy every part of it. Some parts of it imported into England might have interfered with ſome of the trades which they themſelves carried on at home. Thoſe particular parts of it, therefore, they were willing that the coloniſts ſhould ſell where they could; the farther off the better; and upon that account propoſed that their market ſhould be confined to the countries ſouth of Cape Finiſterre. A clauſe in the famous act of navigation eſtabliſhed this truly ſhopkeeper propoſal into a law.

The maintenance of this monopoly has hitherto been the principal, or more properly perhaps the ſole end and purpoſe of the dominion which Great Britain aſſumes over her colonies. In the excluſive trade, it is ſuppoſed, conſiſts the great advantages of provinces, which have never yet afforded either revenue or military force for the ſupport of the civil government, or the defence of the mother country. The monopoly is the principal badge of their dependency, and it is the ſole fruit which has hitherto been gathered from that dependency. Whatever expence Great Britain has hitherto laid out in maintaining this dependency, has really been laid out in order to ſupport this monopoly. The expence of the ordinary peace eſtabliſhment of the colonies amounted, before the commencement of the preſent diſturbances, to the pay of twenty regiments of foot; to the expence of the artillery, ſtores, and extraordinary proviſions with which it was neceſſary to ſupply them; and to the expence

pence of a very considerable naval force which was constantly kept up, in order to guard, from the smuggling vessels of other nations, the immense coasts of North America, and that of our West Indian Islands. The whole expence of this peace establishment was a charge upon the revenue of Great Britain, and was, at the same time, the smallest part of what the dominion of the colonies has cost the mother country. If we would know the amount of the whole, we must add to the annual expence of this peace establishment the interest of the sums which, in consequence of her considering her colonies as provinces subject to her dominion, Great Britain has upon different occasions laid out upon their defence. We must add to it, in particular, the whole expence of the late war, and a great part of that of the war which preceded it. The late war was altogether a colony quarrel, and the whole expence of it, in whatever part of the world it may have been laid out, whether in Germany or the East Indies, ought justly to be stated to the account of the colonies. It amounted to more than ninety millions sterling, including not only the new debt which was contracted, but the two shillings in the pound additional land tax, and the sums which were every year borrowed from the sinking fund. The Spanish war which began in 1739, was pricipally a colony quarrel. Its principal object was to prevent the search of the colony ships which carried on a contraband trade with the Spanish main. This whole expence is, in reality, a bounty which has been

been given in order to ſupport a monopoly. The pretended purpoſe of it was to encourage the manufactures, and to increaſe the commerce of Great Britain. But its real effect has been to raiſe the rate of mercantile profit, and to enable our merchants to turn into a branch of trade, of which the returns are more ſlow and diſtant than thoſe of the greater part of other trades, a greater proportion of their capital than they otherwiſe would have done; two events which if a bounty could have prevented, it might perhaps have been very well worth while to give ſuch a bounty.

Under the preſent ſyſtem of management, therefore, Great Britain derives nothing but loſs from the dominion which ſhe aſſumes over her colonies.

To propoſe that Great Britain ſhould voluntarily give up all authority over her colonies, and leave them to elect their own magiſtrates, to enact their own laws, and to make peace and war as they might think proper, would be to propoſe ſuch a meaſure as never was, and never will be adopted, by any nation in the world. No nation ever voluntarily gave up the dominion of any province, how troubleſome ſoever it might be to govern it, and how ſmall ſoever the revenue which it afforded might be in proportion to the expence which it occaſioned. Such ſacrifices, though they might frequently be agreeable to the intereſt, are always mortifying to the pride of every nation, and what is perhaps of ſtill greater conſequence, they are always contrary to the private intereſt of the governing part of it,

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who would thereby be deprived of the disposal of many places of trust and profit, of many opportunities of acquiring wealth and distinction, which the possession of the most turbulent, and, to the great body of the people, the most unprofitable province seldom fails to afford. The most visionary enthusiast would scarce be capable of proposing such a measure, with any serious hopes at least of its ever being adopted. If it was adopted, however, Great Britain would not only be immediately freed from the whole annual expence of the peace establishment of the colonies, but might settle with them such a treaty of commerce as would effectually secure to her a free trade, more advantageous to the great body of the people, though less so to the merchants, than the monopoly which she at present enjoys. By thus parting good friends, the natural affection of the colonies to the mother country, which, perhaps, our late dissensions have well nigh extinguished, would quickly revive. It might dispose them not only to respect, for whole centuries together, that treaty of commerce which they had concluded with us at parting, but to favour us in war as well as in trade, and, instead of turbulent and factious subjects, to become our most faithful, affectionate, and generous allies; and the same sort of parental affection on the one side, and filial respect on the other, might revive between Great Britain and her colonies, which used to subsist between those of ancient Greece and the mother city from which they descended.

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In order to render any province advantageous to the empire to which it belongs, it ought to afford, in time of peace, a revenue to the public sufficient not only for defraying the whole expence of its own peace establishment, but for contributing its proportion to the support of the general government of the empire. Every province necessarily contributes, more or less, to increase the expence of that general government. If any particular province, therefore, does not contribute its share towards defraying this expence, an unequal burden must be thrown upon some other part of the empire. The extraordinary revenue too which every province affords to the public in time of war, ought, from parity of reason, to bear the same proportion to the extraordinary revenue of the whole empire which its ordinary revenue does in time of peace. That neither the ordinary nor extraordinary revenue which Great Britain derives from her colonies, bears this proportion to the whole revenue of the British empire, will readily be allowed. The monopoly, it has been supposed, indeed, by increasing the private revenue of the people of Great Britain, and thereby enabling them to pay greater taxes, compensates the deficiency of the public revenue of the colonies. But this monopoly, I have endeavoured to show, though a very grievous tax upon the colonies, and though it may increase the revenue of a particular order of men in Great Britain, diminishes instead of increasing that of the great body of the people; and consequently diminishes instead of

increaſing the ability of the great body of the people to pay taxes. The men too whoſe revenue the monopoly increaſes, conſtitute a particular order, which it is both abſolutely impoſſible to tax beyond the proportion of other orders, and extremely impolitic even to attempt to tax beyond that proportion, as I ſhall endeavour to ſhew in the following book. No particular reſource, therefore, can be drawn from this particular order.

The colonies may be taxed either by their own aſſemblies, or by the parliament of Great Britain.

That the colony aſſemblies can ever be ſo managed as to levy upon their conſtituents a public revenue ſufficient, not only to maintain at all times their own civil and military eſtabliſhment, but to pay their proper proportion of the expence of the general government of the Britiſh empire, ſeems not very probable. It was a long time before even the parliament of England, though placed immediately under the eye of the Sovereign, could be brought under ſuch a ſyſtem of management, or could be rendered ſufficiently liberal in their grants for ſupporting the civil and military eſtabliſhments even of their own country. It was only by diſtributing among the particular members of parliament, a great part either of the offices, or of the diſpoſal of the offices ariſing from this civil and military eſtabliſhment, that ſuch a ſyſtem of management could be eſtabliſhed even with regard to the parliament of England. But the diſtance of the colony aſſemblies from the eye of the Sovereign, their

their number, their dispersed situation, and their various constitutions, would render it very difficult to manage them in the same manner, even though the sovereign had the same means of doing it; and those means are wanting. It would be absolutely impossible to distribute among all the leading members of all the colony assemblies such a share, either of the offices or of the disposal of the offices arising from the general government of the British empire, as to dispose them to give up their popularity at home, and to tax their constituents for the support of that general government, of which almost the whole emoluments were to be divided among people who were strangers to them. The unavoidable ignorance of administration, besides, concerning the relative importance of the different members of those different assemblies, the offences which must frequently be given, the blunders which must constantly be committed in attempting to manage them in this manner, seems to render such a system of management altogether impracticable with regard to them.

The colony assemblies, besides, cannot be supposed the proper judges of what is necessary for the defence and support of the whole empire. The care of that defence and support is not entrusted to them. It is not their business, and they have no regular means of information concerning it. The assembly of a province, like the vestry of a parish, may judge very properly concerning the affairs of its own particular district; but can have no proper means of judging concerning

BOOK IV. concerning thoſe of the whole empire. It cannot even judge properly concerning the proportion which its own province bears to the whole empire; or concerning the relative degree of its wealth and importance, compared with the other provinces; becauſe thoſe other provinces are not under the inſpection and ſuperintendency of the aſſembly of a particular province. What is neceſſary for the defence and ſupport of the whole empire, and in what proportion each part ought to contribute, can be judged of only by that aſſembly which inſpects and ſuperintends the affairs of the whole empire.

It has been propoſed, accordingly, that the colonies ſhould be taxed by requiſition, the parliament of Great Britain determining the ſum which each colony ought to pay, and the provincial aſſembly aſſeſſing and levying it in the way that ſuited beſt the circumſtances of the province. What concerned the whole empire would in this way be determined by the aſſembly which inſpects and ſuperintends the affairs of the whole empire; and the provincial affairs of each colony might ſtill be regulated by its own aſſembly. Though the colonies ſhould in this caſe have no repreſentatives in the Britiſh parliament, yet, if we may judge by experience, there is no probability that the parliamentary requiſition would be unreaſonable. The parliament of England has not upon any occaſion ſhown the ſmalleſt diſpoſition to overburden thoſe parts of the empire which are not repreſented in parliament. The iſlands of Guernſey and Jerſey, without

without any means of resisting the authority of parliament, are more lightly taxed than any part of Great Britain. Parliament in attempting to exercise its supposed right, whether well or ill grounded, of taxing the colonies, has never hitherto demanded of them any thing which even approached to a just proportion to what was paid by their fellow-subjects at home. If the contribution of the colonies, besides, was to rise or fall in proportion to the rise or fall of the land tax, parliament could not tax them without taking at the same time its own constituents, and the colonies might in this case be considered as virtually represented in parliament.

Examples are not wanting of empires in which all the different provinces are not taxed, if I may be allowed the expression, in one mass; but in which the sovereign regulates the sum which each province ought to pay, and in some provinces assesses and levies it as he thinks proper; while in others, he leaves it to be assessed and levied as the respective states of each province shall determine. In some provinces of France, the king not only imposes what taxes he thinks proper, but assesses and levies them in the way he thinks proper. From others he demands a certain sum, but leaves it to the states of each province to assess and levy that sum as they think proper. According to the scheme of taxing by requisition, the parliament of Great Britain would stand nearly in the same situation towards the colony assemblies, as the King of France does towards the states of those provinces

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which ſtill enjoy the privilege of having ſtates of their own, the provinces of France which are ſuppoſed to be the beſt governed.

But though, according to this ſcheme, the colonies could have no juſt reaſon to fear that their ſhare of the public burdens ſhould ever exceed the proper proportion to that of their fellow-citizens at home; Great Britain might have juſt reaſon to fear that it never would amount to that proper proportion. The parliament of Great Britain has not for ſome time paſt had the ſame eſtabliſhed authority in the colonies, which the French King has in thoſe provinces of France which ſtill enjoy the privilege of having ſtates of their own. The colony aſſemblies, if they were not very favourably diſpoſed (and unleſs more ſkilfully managed than they ever have been hitherto, they are not very likely to be ſo), might ſtill find many pretences for evading or rejecting the moſt reaſonable requiſitions of parliament. A French war breaks out, we ſhall ſuppoſe; ten millions muſt immediately be raiſed, in order to defend the ſeat of the empire. This ſum muſt be borrowed upon the credit of ſome parliamentary fund mortgaged for paying the intereſt. Part of this fund parliament propoſes to raiſe by a tax to be levied in Great Britain, and part of it by a requiſition to all the different colony aſſemblies of America and the Weſt indies. Would people readily advance their money upon the credit of a fund, which partly depended upon the good humour of all thoſe aſſemblies, far diſtant from the ſeat

of the war, and ſometimes, perhaps, thinking themſelves not much concerned in the event of it? Upon ſuch a fund no more money would probably be advanced than what the tax to be levied in Great Britain might be ſuppoſed to anſwer for. The whole burden of the debt contracted on account of the war would in this manner fall, as it always has done hitherto, upon Great Britain; upon a part of the empire, and not upon the whole empire. Great Britain is, perhaps, ſince the world began, the only ſtate which, as it has extended its empire, has only increaſed its expence without once augmenting its reſources. Other ſtates have generally diſburdened themſelves upon their ſubject and ſubordinate provinces of the moſt conſiderable part of the expence of defending the empire. Great Britain has hitherto ſuffered her ſubject and ſubordinate provinces to diſburden themſelves upon her of almoſt this whole expence. In order to put Great Britain upon a footing of equality with her own colonies, which the law has hitherto ſuppoſed to be ſubject and ſubordinate, it ſeems neceſſary, upon the ſcheme of taxing them by parliamentary requiſition, that parliament ſhould have ſome means of rendering its requiſitions immediately effectual, in caſe the colony aſſemblies ſhould attempt to evade or reject them; and what thoſe means are, it is not very eaſy to conceive, and it has not yet been explained.

Should the parliament of Great Britain, at the ſame time, be ever fully eſtabliſhed in the right of taxing the colonies, even independent of

the consent of their own assemblies, the importance of those assemblies would from that moment be at an end, and with it, that of all the leading men of British America. Men desire to have some share in the management of public affairs chiefly on account of the importance which it gives them. Upon the power which the greater part of the leading men, the natural aristocracy of every country, have of preserving or defending their respective importance, depends the stability and duration of every system of free government. In the attacks which those leading men are continually making upon the importance of one another, and in the defence of their own, consists the whole play of domestic faction and ambition. The leading men of America, like those of all other countries, desire to preserve their own importance. They feel, or imagine, that if their assemblies, which they are fond of calling parliaments, and of considering as equal in authority to the parliament of Great Britain, should be so far degraded as to become the humble ministers and executive officers of that parliament, the greater part of their own importance would be at an end. They have rejected, therefore, the proposal of being taxed by parliamentary requisition, and like other ambitious and high-spirited men, have rather chosen to draw the sword in defence of their own importance.

Towards the declension of the Roman republic, the allies of Rome, who had borne the principal burden of defending the state and extending

tending the empire, demanded to be admitted to all the privileges of Roman citizens. Upon being refuſed, the ſocial war broke out. During the courſe of that war Rome granted thoſe privileges to the greater part of them, one by one, and in proportion as they detached themſelves from the general confederacy. The parliament of Great Britain inſiſts upon taxing the colonies; and they refuſe to be taxed by a parliament in which they are not repreſented. If to each colony, which ſhould detach itſelf from the general confederacy, Great Britain ſhould allow ſuch a number of repreſentatives as ſuited the proportion of what it contributed to the public revenue of the empire, in conſequence of its being ſubjected to the ſame taxes, and in compenſation admitted to the ſame freedom of trade with its fellow-ſubjects at home; the number of its repreſentatives to be augmented as the proportion of its contribution might afterwards augment; a new method of acquiring importance, a new and more dazzling object of ambition would be preſented to the leading men of each colony. Inſtead of piddling for the little prizes which are to be found in what may be called the paltry raffle of colony faction; they might then hope, from the preſumption which men naturally have in their own ability and good fortune, to draw ſome of the great prizes which ſometimes come from the wheel of the great ſtate lottery of Britiſh politics. Unleſs this or ſome other method is fallen upon, and there ſeems to be none more obvious than this, of

preſerving the importance and of gratifying the ambition of the leading men of America, it is not very probable that they will ever voluntarily ſubmit to us; and we ought to conſider that the blood which muſt be ſhed in forcing them to do ſo, is, every drop of it, the blood either of thoſe who are, or of thoſe whom we wiſh to have for our fellow-citizens. They are very weak who flatter themſelves that, in the ſtate to which things have come, our colonies will be eaſily conquered by force alone. The perſons who now govern the reſolutions of what they call their continental congreſs, feel in themſelves at this moment a degree of importance which, perhaps, the greateſt ſubjects in Europe ſcarce feel. From ſhop-keepers, tradeſmen, and attornies, they are become ſtateſmen and legiſlators, and are employed in contriving a new form of government for an extenſive empire, which, they flatter themſelves, will become, and which, indeed, ſeems very likely to become, one of the greateſt and moſt formidable that ever was in the world. Five hundred different people, perhaps, who in different ways act immediately under the continental congreſs; and five hundred thouſand, perhaps, who act under thoſe five hundred, all feel in the ſame manner a proportionable riſe in their own importance. Almoſt every individual of the governing party in America, fills, at preſent in his own fancy, a ſtation ſuperior, not only to what he had ever filled before, but to what he had ever expected to fill; and unleſs ſome new object of ambition is preſented either to him or

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to his leaders, if he has the ordinary ſpirit of a man, he will die in defence of that ſtation. CHAP. VII.

It is a remark of the Preſident Henaut, that we now read with pleaſure the account of many little tranſactions of the Ligue, which when they happened were not perhaps conſidered as very important pieces of news. But every man then, ſays he, fancied himſelf of ſome importance; and the innumerable memoirs which have come down to us from thoſe times were, the greater part of them, written by people who took pleaſure in recording and magnifying events in which, they flattered themſelves, they had been conſiderable actors. How obſtinately the city of Paris upon that occaſion defended itſelf, what a dreadful famine it ſupported rather than ſubmit to the beſt and afterwards to the moſt beloved of all the French Kings, is well known. The greater part of the citizens, or thoſe who governed the greater part of them, fought in defence of their own importance, which they foreſaw was to be at an end whenever the ancient government ſhould be re-eſtabliſhed. Our colonies, unleſs they can be induced to conſent to a union, are very likely to defend themſelves againſt the beſt of all mother countries, as obſtinately as the city of Paris did againſt one of the beſt of Kings.

The idea of repreſentation was unknown in ancient times. When the people of one ſtate were admitted to the right of citizenſhip in another, they had no other means of exerciſing that right but by coming in a body to vote and

BOOK IV. deliberate with the people of that other ſtate. The admiſſion of the greater part of the inhabitants of Italy to the privileges of Roman citizens, completely ruined the Roman republic. It was no longer poſſible to diſtinguiſh between who was and who was not a Roman citizen. No tribe could know its own members. A rabble of any kind could be introduced into the aſſemblies of the people, could drive out the real citizens, and decide upon the affairs of the republic as if they themſelves had been ſuch. But though America were to ſend fifty or ſixty new repreſentatives to parliament, the door-keeper of the Houſe of Commons could not find any great difficulty in diſtinguiſhing between who was and who was not a member. Though the Roman conſtitution, therefore, was neceſſarily ruined by the union of Rome with the allied ſtates of Italy, there is not the leaſt probability that the Britiſh conſtitution would be hurt by the union of Great Britain with her colonies. That conſtitution, on the contrary, would be completed by it, and ſeems to be imperfect without it. The aſſembly which deliberates and decides concerning the affairs of every part of the empire, in order to be properly informed, ought certainly to have repreſentatives from every part of it. That this union, however, could be eaſily effectuated, or that difficulties and great difficulties might not occur in the execution, I do not pretend. I have yet heard of none, however, which appear inſurmountable. The principal perhaps ariſe, not from the nature of things, but from the prejudices and opinions

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of the people both on this and on the other side of the Atlantic.

We, on this side the water, are afraid left the multitude of American representatives should overturn the balance of the constitution, and increase too much either the influence of the crown on the one hand, or the force of the democracy on the other. But if the number of American representatives were to be in proportion to the produce of American taxation, the number of people to be managed would increase exactly in proportion to the means of managing them; and the means of managing, to the number of people to be managed. The monarchical and democratical parts of the constitution would, after the union, stand exactly in the same degree of relative force with regard to one another as they had done before.

The people on the other side of the water are afraid left their distance from the seat of government might expose them to many oppressions. But their representatives in parliament, of which the number ought from the first to be considerable, would easily be able to protect them from all oppression. The distance could not much weaken the dependency of the representative upon the constituent, and the former would still feel that he owed his seat in parliament, and all the consequence which he derived from it, to the good-will of the latter. It would be the interest of the former, therefore, to cultivate that good-will by complaining, with all the authority of a member of the legislature, of every outrage which any

undiſcerning eye of giddy ambition, it naturally preſents itſelf amidſt the confuſed ſcramble of politics and war, as a very dazzling object to fight for. The dazzling ſplendour of the object, however, the immenſe greatneſs of the commerce, is the very quality which renders the monopoly of it hurtful, or which makes one employment, in its own nature neceſſarily leſs advantageous to the country than the greater part of other employments, abſorb a much greater proportion of the capital of the country than what would otherwiſe have gone to it.

The mercantile ſtock of every country, it has been ſhewn in the ſecond book, naturally ſeeks, if one may ſay ſo, the employment moſt advantageous to that country. If it is employed in the carrying trade, the country to which it belongs becomes the emporium of the goods of all the countries whoſe trade that ſtock carries on. But the owner of that ſtock neceſſarily wiſhes to diſpoſe of as great a part of thoſe goods as he can at home. He thereby ſaves himſelf the trouble, riſk, and expence, of exportation, and he will upon that account be glad to ſell them at home, not only for a much ſmaller price, but with ſomewhat a ſmaller profit than he might expect to make by ſending them abroad. He naturally, therefore, endeavours as much as he can to turn his carrying trade into a foreign trade of conſumption. If his ſtock again is employed in a foreign trade of conſumption, he will, for the ſame reaſon, be glad to diſpoſe of at home as great a part as he can of the home goods, which

he collects in order to export to ſome foreign market, and he will thus endeavour, as much as he can, to turn his foreign trade of conſumption into a home trade. The mercantile ſtock of every country naturally courts in this manner the near, and ſhuns the diſtant employment; naturally courts the employment in which the returns are frequent, and ſhuns that in which they are diſtant and ſlow; naturally courts the employment in which it can maintain the greateſt quantity of productive labour in the country to which it belongs, or in which its owner reſides, and ſhuns that in which it can maintain there the ſmalleſt quantity. It naturally courts the employment which in ordinary caſes is moſt advantageous, and ſhuns that which in ordinary caſes is leaſt advantageous to that country.

But if in any of thoſe diſtant employments, which in ordinary caſes are leſs advantageous to the country, the profit ſhould happen to riſe ſomewhat higher than what is ſufficient to balance the natural preference which is given to nearer employments, this ſuperiority of profit will draw ſtock from thoſe nearer employments, till the profits of all return to their proper level. This ſuperiority of profit, however, is a proof that, in the actual circumſtances of the ſociety, thoſe diſtant employments are ſomewhat underſtocked in proportion to other employments, and that the ſtock of the ſociety is not diſtributed in the propereſt manner among all the different employments carried on in it. It is a proof that ſomething is either bought cheaper or ſold dearer than

than it ought to be, and that ſome particular claſs of citizens is more or leſs oppreſſed either by paying more or by getting leſs than what is ſuitable to that equality, which ought to take place, and which naturally does take place among all the different claſſes of them. Though the ſame capital never will maintain the ſame quantity of productive labour in a diſtant as in a near employment, yet a diſtant employment may be as neceſſary for the welfare of the ſociety as a near one; the goods which the diſtant employment deals in being neceſſary, perhaps, for carrying on many of the nearer employments. But if the profits of thoſe who deal in ſuch goods are above their proper level, thoſe goods will be ſold dearer than they ought to be, or ſomewhat above their natural price, and all thoſe engaged in the nearer employments will be more or leſs oppreſſed by this high price. Their intereſt, therefore, in this caſe requires that ſome ſtock ſhould be withdrawn from thoſe nearer employments, and turned towards that diſtant one, in order to reduce its profits to their proper level, and the price of the goods which it deals in to their natural price. In this extraordinary caſe, the public intereſt requires that ſome ſtock ſhould be withdrawn from thoſe employments which in ordinary caſes are more advantageous, and turned towards one which in ordinary caſes is leſs advantageous to the public: and in this extraordinary caſe, the natural intereſts and inclinations of men coincide as exactly with the public intereſt as in all other ordinary caſes,

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and lead them to withdraw ſtock from the near, and to turn it towards the diſtant employment.

It is thus that the private intereſts and paſſions of individuals naturally diſpoſe them to turn their ſtock towards the employments which in ordinary caſes are moſt advantageous to the ſociety. But if from this natural preference they ſhould turn too much of it towards thoſe employments, the fall of profit in them and the riſe of it in all others immediately diſpoſe them to alter this faulty diſtribution. Without any intervention of law, therefore, the private intereſts and paſſions of men naturally lead them to divide and diſtribute the ſtock of every ſociety, among all the different employments carried on in it, as nearly as poſſible in the proportion which is moſt agreeable to the intereſt of the whole ſociety.

All the different regulations of the mercantile ſyſtem, neceſſarily derange more or leſs this natural and moſt advantageous diſtribution of ſtock. But thoſe which concern the trade to America and the Eaſt Indies derange it perhaps more than any other; becauſe the trade to thoſe two great continents abſorbs a greater quantity of ſtock than any two other branches of trade. The regulations, however, by which this derangement is effected in thoſe two different branches of trade are not altogether the ſame. Monopoly is the great engine of both: but it is a different ſort of monopoly. Monopoly of one kind or another, indeed, ſeems to be the ſole engine of the mercantile ſyſtem.

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In the trade to America every nation endeavours to engross as much as possible the whole market of its own colonies, by totally excluding all other nations from any direct trade to them. During the greater part of the sixteenth century, the Portuguese endeavoured to manage the trade to the East Indies in the same manner, by claiming the sole right of sailing in the Indian seas, on account of the merit of having first found out the road to them. The Dutch still continue to exclude all other European nations from any direct trade to their spice islands. Monopolies of this kind are evidently established against all other European nations, who are thereby not only excluded from a trade to which it might be convenient for them to turn some part of their stock, but are obliged to buy the goods which that trade deals in somewhat dearer, than if they could import them themselves directly from the countries which produce them.

But since the fall of the power of Portugal, no European nation has claimed the exclusive right of sailing in the Indian seas, of which the principal ports are now open to the ships of all European nations. Except in Portugal, however, and within these few years in France, the trade to the East Indies has in every European country been subjected to an exclusive company. Monopolies of this kind are properly established against the very nation which erects them. The greater part of that nation are thereby not only excluded from a trade to which it might be con-

venient for them to turn ſome part of their ſtock, but are obliged to buy the goods which that trade deals in, ſomewhat dearer that if it was open and free to all their countrymen. Since the eſtabliſhment of the Engliſh Eaſt India company, for example, the other inhabitants of England, over and above being excluded from the trade, muſt have paid in the price of the Eaſt India goods which they have conſumed, not only for all the extraordinary profits which the company may have made upon thoſe goods in conſequence of their monopoly, but for all the extraordinary waſte which the fraud and abuſe, inſeparable from the management of the affairs of ſo great a company, muſt neceſſarily have occaſioned. The abſurdity of this ſecond kind of monopoly, therefore, is much more manifeſt than that of the firſt.

Both theſe kinds of monopolies derange more or leſs the natural diſtribution of the ſtock of the ſociety: but they do not always derange it in the ſame way.

Monopolies of the firſt kind always attract to the particular trade in which they are eſtabliſhed, a greater proportion of the ſtock of the ſociety than what would go to that trade of its own accord.

Monopolies of the ſecond kind may ſometimes attract ſtock towards the particular trade in which they are eſtabliſhed, and ſometimes repel it from that trade according to different circumſtances. In poor countries they naturally attract

attract to[illegible] ls that trade more ſtock than would otherwiſe go to it. In rich countries they naturally repel from it a good deal of ſtock which would otherwiſe go to it.

Such poor countries as Sweden and Denmark, for example, would probably have never ſent a ſingle ſhip to the Eaſt Indies, had not the trade been ſubjected to an excluſive company. The eſtabliſhment of ſuch a company neceſſarily encourages adventurers. Their monopoly ſecures them againſt all competitors in the home market, and they have the ſame chance for foreign markets with the traders of other nations. Their monopoly ſhows them the certainty of a great profit upon a conſiderable quantity of goods, and the chance of a conſiderable profit upon a great quantity. Without ſuch extraordinary encouragement, the poor traders of ſuch poor countries would probably never have thought of hazarding their ſmall capitals in ſo very diſtant and uncertain an adventure as the trade to the Eaſt Indies muſt naturally have appeared to them.

Such a rich country as Holland, on the contrary, would probably, in the caſe of a free trade, ſend many more ſhips to the Eaſt Indies than it actually does. The limited ſtock of the Dutch Eaſt India company probably repels from that trade many great mercantile capitals which would otherwiſe go to it. The mercantile capital of Holland is ſo great that it is, as it were, continually overflowing, ſometimes into the public funds of foreign countries, ſometimes into loans

to private traders and adventurers of foreign countries, ſometimes into the moſt round-about foreign trades of conſumption, and ſometimes into the carrying trade. All near employments being completely filled up, all the capital which can be placed in them with any tolerable profit being already placed in them, the capital of Holland neceſſarily flows towards the moſt diſtant employments. The trade to the Eaſt Indies, if it were altogether free, would probably abſorb the greater part of this redundant capital. The Eaſt Indies offer a market both for the manufactures of Europe and for the gold and ſilver as well as for ſeveral other productions of America, greater and more extenſive than both Europe and America put together.

Every derangement of the natural diſtribution of ſtock is neceſſarily hurtful to the ſociety in which it takes place; whether it be by repelling from a particular trade the ſtock which would otherwiſe go to it, or by attracting towards a particular trade that which would not otherwiſe come to it. If, without any excluſive company, the trade of Holland to the Eaſt Indies would be greater than it actually is, that country muſt ſuffer a conſiderable loſs by part of its capital being excluded from the employment moſt convenient for that part. And in the ſame manner, if, without any excluſive company, the trade of Sweden and Denmark to the Eaſt Indies would be leſs than it actually is, or, what perhaps is more probable, would not exiſt at all, thoſe two countries muſt likewiſe ſuffer a con-

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ſiderable loſs by part of their capital being drawn into an employment which muſt be more or leſs unſuitable to their preſent circumſtances. Better for them, perhaps, in their preſent circumſtances, to buy Eaſt India goods of other nations, even though they ſhould pay ſomewhat dearer, than to turn ſo great a part of their ſmall capital to ſo very diſtant a trade, in which the returns are ſo very ſlow, in which that capital can maintain ſo ſmall a quantity of productive labour at home, where productive labour is ſo much wanted, where ſo little is done, and where ſo much is to do.

Though without an excluſive company, therefore, a particular country ſhould not be able to carry on any direct trade to the Eaſt Indies, it will not from thence follow that ſuch a company ought to be eſtabliſhed there, but only that ſuch a country ought not in theſe circumſtances to trade directly to the Eaſt Indies. That ſuch companies are not in general neceſſary for carrying on the Eaſt India trade, is ſufficiently demonſtrated by the experience of the Portugueſe, who enjoyed almoſt the whole of it for more than a century together without any excluſive company.

No private merchant, it has been ſaid, could well have capital ſufficient to maintain factors and agents in the different ports of the Eaſt Indies, in order to provide goods for the ſhips which he might occaſionally ſend thither; and yet, unleſs he was able to do this, the difficulty of finding a cargo might frequently make his ſhips loſe the ſeaſon for returning, and the ex-

pence of ſo long a delay would not only eat up the whole profit of the adventure but frequently occaſion a very conſiderable loſs. This argument, however, if it proved any thing at all, would prove that no one great branch of trade could be carried on without an excluſive company, which is contrary to the experience of all nations. There is no great branch of trade in which the capital of any one private merchant is ſufficient, for carrying on all the ſubordinate branches which muſt be carried on, in order to carry on the principal one. But when a nation is ripe for any great branch of trade, ſome merchants naturally turn their capitals towards the principal, and ſome towards the ſubordinate branches of it; and though all the different branches of it are in this manner carried on, yet it very ſeldom happens that they are all carried on by the capital of one private merchant. If a nation, therefore, is ripe for the Eaſt India trade, a certain portion of its capital will naturally divide itſelf among all the different branches of that trade. Some of its merchants will find it for their intereſt to reſide in the Eaſt Indies, and to employ their capitals there in providing goods for the ſhips which are to be ſent out by other merchants who reſide in Europe. The ſettlements which different European nations have obtained in the Eaſt Indies, if they were taken from the excluſive companies to which they at preſent belong, and put under the immediate protection of the ſovereign, would render this reſidence both ſafe and eaſy, at leaſt to the merchants

chants of the particular nations to whom thoſe ſettlements belong. If at any particular time that part of the capital of any country which of its own accord tended and inclined, if I may ſay ſo, towards the Eaſt India trade, was not ſufficient for carrying on all thoſe different branches of it, it would be a proof that, at that particular time, that country was not ripe for that trade, and that it would do better to buy for ſome time, even at a higher price, from other European nations, the Eaſt India goods it had occaſion for, than to import them itſelf directly from the Eaſt Indies. What it might loſe by the high price of thoſe goods could ſeldom be equal to the loſs which it would ſuſtain by the diſtraction of a large portion of its capital from other employments more neceſſary, or more uſeful, or more ſuitable to its circumſtances and ſituation, than a direct trade to the Eaſt Indies.

Though the Europeans poſſeſs many conſiderable ſettlements both upon the coaſt of Africa and in the Eaſt Indies, they have not yet eſtabliſhed in either of thoſe countries ſuch numerous and thriving colonies as thoſe in the iſlands and continent of America. Africa, however, as well as ſeveral of the countries comprehended under the general name of the Eaſt Indies, are inhabited by barbarous nations. But thoſe nations were by no means ſo weak and defenceleſs as the miſerable and helpleſs Americans; and in proportion to the natural fertility of the countries which they inhabited, they were beſides much more populous. The moſt barbarous

rous nations either of Africa or of the Eaſt Indies were ſhepherds; even the Hottentots were ſo. But the natives of every part of America, except Mexico and Peru, were only hunters; and the difference is very great between the number of ſhepherds and that of hunters whom the ſame extent of equally fertile territory can maintain. In Africa and the Eaſt Indies, therefore, it was more difficult to diſplace the natives, and to extend the European plantations over the greater part of the land of the original inhabitants. The genius of excluſive companies, beſides, is unfavourable, it has already been obſerved, to the growth of new colonies, and has probably been the principal cauſe of the little progreſs which they have made in the Eaſt Indies. The Portugueſe carried on the trade both to Africa and the Eaſt Indies without any excluſive companies, and their ſettlements at Congo, Angola, and Benguela on the coaſt of Africa, and at Goa in the Eaſt Indies, though much depreſſed by ſuperſtition and every ſort of bad government, yet bear ſome faint reſemblance to the colonies of America, and are partly inhabited by Portugueſe who have been eſtabliſhed there for ſeveral generations. The Dutch ſettlements at the Cape of Good Hope and at Batavia, are at preſent the moſt conſiderable colonies which the Europeans have eſtabliſhed either in Africa or in the Eaſt Indies, and both theſe ſettlements are peculiarly fortunate in their ſituation. The Cape of Good Hope was inhabited by a race of people almoſt as barbarous and quite as incapable

pable of defending themſelves as the natives of America. It is beſides the half-way houſe, if one may ſay ſo, between Europe and the Eaſt Indies, at which almoſt every European ſhip makes ſome ſtay both in going and returning. The ſupplying of thoſe ſhips with every ſort of freſh proviſions, with fruit and ſometimes with wine, affords alone a very extenſive market for the ſurplus produce of the coloniſts. What the Cape of Good Hope is between Europe and every part of the Eaſt Indies, Batavia is between the principal countries of the Eaſt Indies. It lies upon the moſt frequented road from Indoſtan to China and Japan, and is nearly about mid-way upon that road. Almoſt all the ſhips too that ſail between Europe and China touch at Batavia; and it is, over and above all this, the center and principal mart of what is called the country trade to the Eaſt Indies; not only of that part of it which is carried on by Europeans, but of that which is carried on by the native Indians; and veſſels navigated by the inhabitants of China and Japan, of Tonquin, Malacca, Cochin-China, and the iſland of Celebes, are frequently to be ſeen in its port. Such advantageous ſituations have enabled thoſe two colonies to ſurmount all the obſtacles which the oppreſſive genius of an excluſive company may have occaſionally oppoſed to their growth. They have enabled Batavia to ſurmount the additional diſadvantage of perhaps the moſt unwholeſome climate in the world.

The

the courſe of a century or two, the policy of the Engliſh company would in this manner have probably proved as completely deſtructive as that of the Dutch.

Nothing, however, can be more directly contrary to the real intereſt of thoſe companies, conſidered as the ſovereigns of the countries which they have conquered, than this deſtructive plan. In almoſt all countries the revenue of the ſovereign is drawn from that of the people. The greater the revenue of the people, therefore, the greater the annual produce of their land and labour, the more they can afford to the ſovereign. It is his intereſt, therefore, to increaſe as much as poſſible that annual produce. But if this is the intereſt of every ſovereign, it is peculiarly ſo of one, whoſe revenue, like that of the ſovereign of Bengal, ariſes chiefly from a land-rent. That rent muſt neceſſarily be in proportion to the quantity and value of the produce, and both the one and the other muſt depend upon the extent of the market. The quantity will always be ſuited with more or leſs exactneſs to the conſumption of thoſe who can afford to pay for it, and the price which they will pay will always be in proportion to the eagerneſs of their competition. It is the intereſt of ſuch a ſovereign, therefore, to open the moſt extenſive market for the produce of his country, to allow the moſt perfect freedom of commerce, in order to increaſe as much as poſſible the number and the competition of buyers; and upon this account to aboliſh, not only all monopolies, but all

there for a cargo of ſpices. Under the government even of the Portugueſe, however, thoſe iſlands are ſaid to have been tolerably well inhabited. The Engliſh company have not yet had time to eſtabliſh in Bengal ſo perfectly deſtructive a ſyſtem. The plan of their government, however, has had exactly the ſame tendency. It has not been uncommon, I am well aſſured, for the chief, that is, the firſt clerk of a factory, to order a peaſant to plough up a rich field of poppies, and ſow it with rice or ſome other grain. The pretence was, to prevent a ſcarcity of proviſions; but the real reaſon, to give the chief an opportunity of ſelling at a better price a large quantity of opium, which he happened then to have upon hand. Upon other occaſions the order has been reverſed; and a rich field of rice or other grain has been ploughed up, in order to make room for a plantation of poppies; when the chief foreſaw that extraordinary profit was likely to be made by opium. The ſervants of the company have upon ſeveral occaſions attempted to eſtabliſh in their own favour the monopoly of ſome of the moſt important branches, not only of the foreign, but of the inland trade of the country. Had they been allowed to go on, it is impoſſible that they ſhould not at ſome time or another have attempted to reſtrain the production of the particular articles of which they has thus uſurped the monopoly, not only to the quantity which they themſelves could purchaſe, but to that which they could expect to ſell with ſuch a profit as they might think ſufficient. In

all reſtraints upon the tranſportation of the home produce from one part of the country to another, upon its exportation to foreign countries, or upon the importation of goods of any kind for which it can be exchanged. He is in this manner moſt likely to increaſe both the quantity and value of that produce, and conſequently of his own ſhare of it, or of his own revenue.

CHAP. VII.

But a company of merchants are, it ſeems, incapable of conſidering themſelves as ſovereigns, even after they have become ſuch. Trade, or buying in order to ſell again, they ſtill conſider as their principal buſineſs, and b a ſtrange abſurdity, regard the character of the ſovereign as but an appendix to that of the merchant, as ſomething which ought to be made ſubſervient to it, or by means of which they may be enabled to buy cheaper in India, and thereby to ſell with a better profit in Europe. They endeavour for this purpoſe to keep out as much as poſſible all competitors from the market of the countries which are ſubject to their government, and conſequently to reduce, at leaſt, ſome part of the ſurplus produce of thoſe countries to what is barely ſufficient for ſupplying their own demand, or to what they can expect to ſell in Europe with ſuch a profit as they may think reaſonable. Their mercantile habits draw them in this manner, almoſt neceſſarily, though perhaps inſenſibly, to prefer upon all ordinary occaſions the little and tranſitory profit of the monopoliſt to the great and permanent

revenue of the ſovereign, and would gradually lead them to treat the countries ſubject to their government nearly as the Dutch treat the Moluccas. It is the intereſt of the Eaſt India company, conſidered as ſovereigns, that the European goods which are carried to the Indian dominions, ſhould be ſold there as cheap as poſſible; and that the Indian goods which are brought from thence ſhould bring there as good a price, or ſhould be ſold there as dear as poſſible. But the reverſe of this is their intereſt as merchants. As ſovereigns, their intereſt is exactly the ſame with that of the country which they govern. As merchants, their intereſt is directly oppoſite to that intereſt.

But if the genius of ſuch a government, even as to what concerns its direction in Europe, is in this manner eſſentially and perhaps incurably faulty, that of its adminiſtration in India is ſtill more ſo. That adminiſtration is neceſſarily compoſed of a council of merchants, a profeſſion no doubt extremely reſpectable, but which in no country in the world carries along with it that ſort of authority which naturally over-awes the people, and without force commands their willing obedience. Such a council can command obedience only by the military force with which they are accompanied, and their government is therefore neceſſarily military and deſpotical. Their proper buſineſs, however, is that of merchants. It is to ſell, upon their maſters' account, the European goods conſigned to them, and to buy in return Indian goods for the European

European market. It is to sell the one as dear and to buy the other as cheap as possible, and consequently to exclude as much as possible all rivals from the particular market where they keep their shop. The genius of the administration, therefore, so far as concerns the trade of the company, is the same as that of the direction. It tends to make government subservient to the interest of monopoly, and consequently to stunt the natural growth of some parts at least of the surplus produce of the country to what is barely sufficient for answering the demand of the company.

All the members of the administration, besides, trade more or less upon their own account, and it is in vain to prohibit them from doing so. Nothing can be more completely foolish than to expect that the clerks of a great counting-house at ten thousand miles distance, and consequently almost quite out of sight, should, upon a simple order from their masters, give up at once doing any sort of business upon their own account, abandon for ever all hopes of making a fortune, of which they have the means in their hands, and content themselves with the moderate salaries which those masters allow them, and which, moderate as they are, can seldom be augmented, being commonly as large as the real profits of the company trade can afford. In such circumstances, to prohibit the servants of the company from trading upon their own account, can have scarce any other effect than to enable the superior servants, under pretence of executing their masters' order, to oppress such of the inferior ones

as have had the misfortune to fall under their displeasure. The servants naturally endeavour to establish the same monopoly in favour of their own private trade as of the public trade of the company. If they are suffered to act as they could wish, they will establish this monopoly openly and directly, by fairly prohibiting all other people from trading in the articles in which they chuse to deal; and this, perhaps, is the best and least oppressive way of establishing it. But if by an order from Europe they are prohibited from doing this, they will, notwithstanding, endeavour to establish a monopoly of the same kind, secretly and indirectly, in a way that is much more destructive to the country. They will employ the whole authority of government, and pervert the administration of justice, in order to harass and ruin those who interfere with them in any branch of commerce which, by means of agents, either concealed, or at least not publicly avowed, they may chuse to carry on. But the private trade of the servants will naturally extend to a much greater variety of articles than the public trade of the company. The public trade of the company extends no further than the trade with Europe, and comprehends a part only of the foreign trade of the country. But the private trade of the servants may extend to all the different branches both of its inland and foreign trade. The monopoly of the company can tend only to stunt the natural growth of that part of the surplus produce which, in the case of a free trade, would be exported to Europe. That of the servants tends to stunt the natural growth of every

every part of the produce in which they chuſe to deal, of what is deſtined for home conſumption, as well as of what is deſtined for exportation; and conſequently to degrade the cultivation of the whole country, and to reduce the number of its inhabitants. It tends to reduce the quantity of every ſort of produce, even that of the neceſſaries of life, whenever the ſervants of the company chuſe to deal in them, to what thoſe ſervants can both afford to buy and expect to ſell with ſuch a profit as pleaſes them.

From the nature of their ſituation too the ſervants muſt be more diſpoſed to ſupport with rigorous ſeverity their own intereſt againſt that of the country which they govern, than their maſters can be to ſupport theirs. The country belongs to their maſters, who cannot avoid having ſome regard for the intereſt of what belongs to them. But it does not belong to the ſervants. The real intereſt of their maſters, if they were capable of underſtanding it, is the ſame with that of the country*, and it is from ignorance chiefly, and the meanneſs of mercantile prejudice, that they ever oppreſs it. But the real intereſt of the ſervants is by no means the ſame with that of the country, and the moſt perfect information would not neceſſarily put an end to their oppreſſions. The regulations accordingly which have been ſent out from Europe, though they have been frequently weak, have upon moſt occaſions been

* The intereſt of every proprietor of India Stock, however, is by no means the ſame with that of the country in the government of which his vote gives him ſome influence. See Book V. Chap. 1. Part 3d.

themſelves could not well know that they poſſeſſed. If upon ſome occaſions, therefore, it has animated them to actions of magnanimity which could not well have been expected from them, we ſhould not wonder if upon others it has prompted them to exploits of ſomewhat a different nature. CHAP. VII.

Such excluſive companies, therefore, are nuiſances in every reſpect; always more or leſs inconvenient to the countries in which they are eſtabliſhed, and deſtructive to thoſe which have the misfortune to fall under their government.

CHAP. VIII.

Concluſion of the Mercantile Syſtem.

THOUGH the encouragement of exportation, and the diſcouragement of importation, are the two great engines by which the mercantile ſyſtem propoſes to enrich every country, yet with regard to ſome particular commodities, it ſeems to follow an oppoſite plan: to diſcourage exportation, and to encourage importation. Its ultimate object, however, it pretends, is always the ſame, to enrich the country by an advantageous balance of trade. It diſcourages the exportation of the materials of manufacture, and of the inſtruments of trade, in order to give our own workmen an advantage, and to enable them to underſell thoſe of other nations in all foreign markets: and by reſt CHAP. VIII.

ing, in this manner, the exportation of a few commodities, of no great price, it proposes to occasion a much greater and more valuable exportation of others. It encourages the importation of the materials of manufacture, in order that our own people may be enabled to work them up more cheaply, and thereby prevent a greater and more valuable importation of the manufactured commodities. I do not observe, at least in our Statute Book, any encouragement given to the importation of the instruments of trade. When manufactures have advanced to a certain pitch of greatness, the fabrication of the instruments of trade becomes itself the object of a great number of very important manufactures. To give any particular encouragement to the importation of such instruments, would interfere too much with the interest of those manufactures. Such importation, therefore, instead of being encouraged, has frequently been prohibited. Thus the importation of wool cards, except from Ireland, or when brought in as wreck or prize goods, was prohibited by the 3d of Edward IV.; which prohibition was renewed by the 39th of Elizabeth, and has been continued and rendered perpetual by subsequent laws.

The importation of the materials of manufacture has sometimes been encouraged by an exemption from the duties to which other goods are subject, and sometimes by bounties.

The importation of sheep's wool from several different countries, of cotton wool from all countries, of undressed flax, of the greater part of dying

dying drugs, of the greater part of undreſſed hides from Ireland or the Britiſh colonies, of ſeal ſkins from the Britiſh Greenland fiſhery, of pig and bar iron from the Britiſh colonies, as well as of ſeveral other materials of manufacture, has been encouraged by an exemption from all duties, if properly entered at the cuſtom-houſe. The private intereſts of our merchants and manufacturers may, perhaps, have extorted from the legiſlature theſe exemptions, as well as the greater part of our other commercial regulations. They are, however, perfectly juſt and reaſonable, and if, conſiſtently with the neceſſities of the ſtate, they could be extended to all the other materials of manufacture, the public would certainly be a gainer.

The avidity of our great manufacturers, however, has in ſome caſes extended theſe exemptions a good deal beyond what can juſtly be conſidered as the rude materials of their work. By the 24 Geo. II. chap. 46. a ſmall duty of only one penny the pound was impoſed upon the importation of foreign brown linen yarn, inſtead of much higher duties to which it had been ſubjected before, viz. of ſixpence the pound upon ſail yarn, of one ſhilling the pound upon all French and Dutch yarn, and of two pounds thirteen ſhillings and fourpence upon the hundred weight of all ſpruce or Muſcovia yarn. But our manufacturers were not long ſatisfied with this reduction. By the 29th of the ſame King, chap. 15. the ſame law which gave a bounty upon the exportation of Britiſh and Iriſh linen of

which the price did not exceed eighteen pence the yard, even this ſmall duty upon the importation of brown linen yarn was taken away. In the different operations, however, which are neceſſary for the preparation of linen yarn, a good deal more induſtry is employed, than in the ſubſequent operation of preparing linen cloth from linen yarn. To ſay nothing of the induſtry of the flax-growers and flax-dreſſers, three or four ſpinners, at leaſt, are neceſſary, in order to keep one weaver in conſtant employment; and more than four-fifths of the whole quantity of labour, neceſſary for the preparation of linen cloth, is employed in that of linen yarn; but our ſpinners are poor people, women commonly ſcattered about in all different parts of the country, without ſupport or protection. It is not by the ſale of their work, but by that of the complete work of the weavers, that our great maſter manufacturers make their profits. As it is their intereſt to ſell the complete manufacture as dear, ſo is it to buy the materials as cheap as poſſible. By extorting from the legiſlature bounties upon the exportation of their own linen, high duties upon the importation of all foreign linen, and a total prohibition of the home conſumption of ſome ſorts of French linen, they endeavour to ſell their own goods as dear as poſſible. By encouraging the importation of foreign linen yarn, and thereby bringing it into competition with that which is made by our own people, they endeavour to buy the work of the poor ſpinners as cheap as poſſible. They are as intent

tent to keep down the wages of their own weavers as the earnings of the poor ſpinners, and it is by no means for the benefit of the workman, that they endeavour either to raiſe the price of the complete work, or to lower that of the rude materials. It is the induſtry which is carried on for the benefit of the rich and the powerful, that is principally encouraged by our mercantile ſyſtem. That which is carried on for the benefit of the poor and the indigent, is too often either neglected or oppreſſed.

Both the bounty upon the exportation of linen, and the exemption from duty upon the importation of foreign yarn, which were granted only for fifteen years, but continued by two different prolongations, expire with the end of the ſeſſion of parliament which ſhall immediately follow the 24th of June 1786.

The encouragement given to the importation of the materials of manufacture by bounties, has been principally confined to ſuch as were imported from our American plantations.

The firſt bounties of this kind were thoſe granted about the beginning of the preſent century, upon the importation of naval ſtores from America. Under this denomination were comprehended timber fit for maſts, yards, and bowſprits; hemp, tar, pitch, and turpentine. The bounty, however, of one pound the ton upon maſting-timber, and that of ſix pounds the ton upon hemp, were extended to ſuch as ſhould be imported into England from Scotland. Both theſe bounties continued without any variation, at

at the ſame rate, till they were ſeverally allowed to expire; that upon hemp, on the 1ſt of January 1741, and that upon maſting-timber at the end of the ſeſſion of parliament immediately following the 24th June 1781.

The bounties upon the importation of tar, pitch, and turpentine underwent, during their continuance, ſeveral alterations. Originally that upon tar was four pounds the ton; that upon pitch the ſame; and that upon turpentine, three pounds the ton. The bounty of four pounds the ton upon tar was afterwards confined to ſuch as had been prepared in a particular manner; that upon other good, clean, and merchantable tar, was reduced to two pounds four ſhillings the ton. The bounty upon pitch was likewiſe reduced to one pound; and that upon turpentine to one pound ten ſhillings the ton.

The ſecond bounty upon the importation of any of the materials of manufacture, according to the order of time, was that granted by the 21 Geo. II. chap. 30. upon the importation of indigo from the Britiſh plantations. When the plantation indigo was worth three-fourths of the price of the beſt French indigo, it was by this act entitled to a bounty of ſixpence the pound. This bounty, which, like moſt others, was granted only for a limited time, was continued for ſeveral prolongations, but was reduced to four pence the pound. It was allowed to expire with the end of the ſeſſion of parliament which followed the 25th March 1781.

The third bounty of this kind was that granted (much

(much about the time that we were beginning ſometimes to court and ſometimes to quarrel with our American colonies) by the 4 Geo. III. chap. 26. upon the importation of hemp, or undreſſed flax, from the Britiſh plantations. This bounty was granted for twenty-one years, from the 24th June 1764, to the 24th June 1785. For the firſt ſeven years it was to be at the rate of eight pounds the ton, for the ſecond at ſix pounds, and for the third at four pounds. It was not extended to Scotland, of which the climate (although hemp is ſometimes raiſed there, in ſmall quantities and of an inferior quality,) is not very fit for that produce. Such a bounty upon the importation of Scotch flax into England would have been too great a diſcouragement to the native produce of the ſouthern part of the United Kingdom.

The fourth bounty of this kind, was that granted by the 5 Geo. III. chap. 45. upon the importation of wood from America. It was granted for nine years, from the 1ſt January 1766, to the 1ſt January 1775. During the firſt three years, it was to be for every hundred and twenty good deals, at the rate of one pound; and for every load containing fifty cubic feet of other ſquared timber at the rate of twelve ſhillings. For the ſecond three years, it was for deals to be at the rate of fifteen ſhillings, and for other ſquared timber, at the rate of eight ſhillings; and for the third three years, it was for deals to be at the rate of ten ſhillings, and for other ſquared timber, at the rate of five ſhillings.

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The fifth bounty of this kind, was that granted by the 9 Geo. III. chap. 38. upon the importation of raw ſilk from the Britiſh plantations. It was granted for twenty-one years, from the 1ſt January 1770, to the 1ſt January 1791. For the firſt ſeven years it was to be at the rate of twenty-five pounds for every hundred pounds value; for the ſecond, at twenty pounds; and for the third, at fifteen pounds. The management of the ſilk-worm, and the preparation of ſilk, requires ſo much hand labour; and labour is ſo very dear in America, that even this great bounty, I have been informed, was not likely to produce any conſiderable effect.

The ſixth bounty of this kind, was that granted by 11 Geo. III. chap. 50. for the importation of pipe, hogſhead, and barrel ſtaves and heading, from the Britiſh plantations. It was granted for nine years, from 1ſt January 1772, to the 1ſt January 1781. For the firſt three years, it was for a certain quantity of each, to be at the rate of ſix pounds; for the ſecond three years, at four pounds; and for the third three years, at two pounds.

The ſeventh and laſt bounty of this kind, was that granted by the 19 Geo. III. chap. 37. upon the importation of hemp from Ireland. It was granted in the ſame manner as that for the importation of hemp and undreſſed flax from America, for twenty-one years, from the 24th June 1779, to the 24th June 1800. This term is divided, likewiſe, into three periods of ſeven years each; and in each of thoſe periods, the rate

rate of the Iriſh bounty is the ſame with that of the American. It does not, however, like the American bounty, extend to the importation of undreſſed flax. It would have been too great a diſcouragement to the cultivation of that plant in Great Britain. When this laſt bounty was granted, the Britiſh and Iriſh legiſlatures were not in much better humour with one another, than the Britiſh and American had been before. But this boon to Ireland, it is to be hoped, has been granted under more fortunate auſpices, than all thoſe to America.

The ſame commodities upon which we thus gave bounties, when imported from America, were ſubjected to conſiderable duties when imported from any other country. The intereſt of our American colonies was regarded as the ſame with that of the mother country. Their wealth was conſidered as our wealth. Whatever money was ſent out to them, it was ſaid, came all back to us by the balance of trade, and we could never become a farthing the poorer, by any expence which we could lay out upon them. They were our own in every reſpect, and it was an expence laid out upon the improvement of our own property, and for the profitable employment of our own people. It is unneceſſary, I apprehend, at preſent to ſay any thing further, in order to expoſe the folly of a ſyſtem, which fatal experience has now ſufficiently expoſed. Had our American colonies really been a part of Great Britain, thoſe bounties might have been conſidered as bounties upon production, and would

ſtill

ſtill have been liable to all the objections to which ſuch bounties are liable, but to no other.

The exportation of the materials of manufacture is ſometimes diſcouraged by abſolute prohibitions, and ſometimes by high duties.

Our woollen manufacturers have been more ſucceſsful than any other claſs of workmen, in perſuading the legiſlature that the proſperity of the nation depended upon the ſucceſs and extenſion of their particular buſineſs. They have not only obtained a monopoly againſt the conſumers by an abſolute prohibition of importing woollen cloths from any foreign country; but they have likewiſe obtained another monopoly againſt the ſheep farmers and growers of wool by a ſimilar prohibition of the exportation of live ſheep and wool. The ſeverity of many of the laws which have been enacted for the ſecurity of the revenue is very juſtly complained of, as impoſing heavy penalties upon actions which, antecedent to the ſtatutes that declared them to be crimes, had always been underſtood to be innocent. But the cruelleſt of our revenue laws, I will venture to affirm, are mild and gentle, in compariſon of ſome of thoſe which the clamour of our merchants and manufacturers has extorted from the legiſlature, for the ſupport of their own abſurd and oppreſſive monopolies. Like the laws of Draco, theſe laws may be ſaid to be all written in blood.

By the 8th of Elizabeth, chap. 3. the exporter of ſheep, lambs, or rams, was for the firſt offence to forfeit all his goods for ever, to ſuffer a year's impriſonment, and then to have his left hand cut

off in a market town upon a market day, to be there nailed up; and for the ſecond offence to be adjudged a felon, and to ſuffer death accordingly. To prevent the breed of our ſheep from being propagated in foreign countries, ſeems to have been the object of this law. By the 13th and 14th of Charles II. chap. 18. the exportation of wool was made felony, and the exporter ſubjected to the ſame penalties and forfeitures as a felon.

For the honour of the national humanity, it is to be hoped that neither of theſe ſtatutes were ever executed. The firſt of them, however, ſo far as I know, has never been directly repealed, and Serjeant Hawkins ſeems to conſider it as ſtill in force. It may however, perhaps, be conſidered as virtually repealed by the 12th of Charles II. chap. 32. ſect. 3. which, without expreſsly taking away the penalties impoſed by former ſtatutes, impoſes a new penalty, viz. That of twenty ſhillings for every ſheep exported, or attempted to be exported, together with the forfeiture of the ſheep and of the owner's ſhare of the ſhip. The ſecond of them was expreſsly repealed by the 7th and 8th of William III. chap. 28. ſect. 4. By which it is declared that, "Whereas "the ſtatute of the 13th and 14th of King "Charles II. made againſt the exportation of "wool, among other things in the ſaid act men-"tioned, doth enact the ſame to be deemed "felony; by the ſeverity of which penalty the "proſecution of offenders hath not been ſo ef-"fectually put in execution: Be it therefore "enacted by the authority foreſaid, that ſo "much

"much of the ſaid act, which relates to the "making the ſaid offence felony, be repealed "and made void."

The penalties, however, which are either impoſed by this milder ſtatute, or which, though impoſed by former ſtatutes, are not repealed by this one, are ſtill ſufficiently ſevere. Beſides the forfeiture of the goods, the exporter incurs the penalty of three ſhillings for every pound weight of wool either exported or attempted to be exported, that is about four or five times the value. Any merchant or other perſon convicted of this offence, is diſabled from requiring any debt or account belonging to him from any factor or other perſon. Let his fortune be what it will, whether he is, or is not able to pay thoſe heavy penalties, the law means to ruin him completely. But as the morals of the great body of the people are not yet ſo corrupt as thoſe of the contrivers of this ſtatute, I have not heard that any advantage has ever been taken of this clauſe. If the perſon convicted of this offence is not able to pay the penalties within three months after judgment, he is to be tranſported for ſeven years, and if he returns before the expiration of that term, he is liable to the pains of felony, without benefit of clergy. The owner of the ſhip, knowing this offence, forfeits all his intereſt in the ſhip and furniture. The maſter and mariners, knowing this offence, forfeit all their goods and chattels, and ſuffer three months impriſonment. By a ſubſequent ſtatute the maſter ſuffers ſix months impriſonment.

In

In order to prevent exportation, the whole inland commerce of wool is laid under very burdensome and oppressive restrictions. It cannot be packed in any box, barrel, cask, case, chest, or any other package, but only in packs of leather or pack-cloth, on which must be marked on the outside the words *wool* or *yarn*, in large letters not less than three inches long, on pain of forfeiting the same and the package, and three shillings for every pound weight, to be paid by the owner or packer. It cannot be loaden on any horse or cart, or carried by land within five miles of the coast, but between sun-rising and sun-setting, on pain of forfeiting the same, the horses and carriages. The hundred next adjoining to the sea coast, out of or through which the wool is carried or exported, forfeits twenty pounds, if the wool is under the value of ten pounds; and if of greater value, then treble that value, together with treble costs, to be sued for within the year. The execution to be against any two of the inhabitants, whom the sessions must re-imburse, by an assessment on the other inhabitants, as in the cases of robbery. And if any person compounds with the hundred for less than this penalty, he is to be imprisoned for five years; and any other person may prosecute. These regulations take place through the whole kingdom.

But in the particular counties of Kent and Sussex the restrictions are still more troublesome. Every owner of wool within ten miles of the sea-coast must give an account in writing, three days

after ſhearing to the next officer of the cuſtoms, of the number of his fleeces, and of the places where they are lodged. And before he removes any part of them he muſt give the like notice of the number and weight of the fleeces, and of the name and abode of the perſon to whom they are ſold, and of the place to which it is intended they ſhould be carried. No perſon within fifteen miles of the ſea, in the ſaid counties, can buy any wool, before he enters into bond to the King, that no part of the wool which he ſhall ſo buy ſhall be ſold by him to any other perſon within fifteen miles of the ſea. If any wool is found carrying towards the ſea-ſide in the ſaid counties, unleſs it has been entered and ſecurity given as aforeſaid, it is forfeited, and the offender alſo forfeits three ſhillings for every pound weight. If any perſon lays any wool, not entered as aforeſaid, within fifteen miles of the ſea, it muſt be ſeized and forfeited; and if, after ſuch ſeizure, any perſon ſhall claim the ſame, he muſt give ſecurity to the Exchequer, that if he is caſt upon trial he ſhall pay treble coſts, beſides all other penalties.

When ſuch reſtrictions are impoſed upon the inland trade, the coaſting trade, we may believe, cannot be left very free. Every owner of wool who carrieth or cauſeth to be carried any wool to any port or place on the ſea-coaſt, in order to be from thence tranſported by ſea to any other place or port on the coaſt, muſt firſt cauſe an entry thereof to be made at the port from whence it is intended to be conveyed, containing the weight,

weight, marks, and number of the packages before he brings the ſame within five miles of that port; on pain of forfeiting the ſame, and alſo the horſes, carts, and other carriages; and alſo of ſuffering and forfeiting, as by the other laws in force againſt the exportation of wool. This law, however, (1 Will. III. chap. 32.) is ſo very indulgent as to declare, that "this ſhall not "hinder any perſon from carrying his wool "home from the place of ſhearing, though it be "within five miles of the ſea, provided that in "ten days after ſhearing, and before he remove "the wool, he do under his hand certify to the "next officer of the cuſtoms, the true number "of fleeces, and where it is houſed; and do not "remove the ſame, without certifying to ſuch "officer, under his hand, his intention ſo to do, "three days before." Bond muſt be given that the wool to be carried coaſt-ways is to be landed at the particular port for which it is entered outwards; and if any part of it is landed without the preſence of an officer, not only the forfeiture of the wool is incurred as in other goods, but the uſual additional penalty of three ſhillings for every pound weight is likewiſe incurred.

Our woollen manufacturers, in order to juſtify their demand of ſuch extraordinary reſtrictions and regulations, confidently aſſerted, that Engliſh wool was of a peculiar quality, ſuperior to that of any other country; that the wool of other countries could not, without ſome mixture of it, be wrought up into any tolerable manufacture; that fine cloth could not be made without it;

that England, therefore, if the exportation of it could be totally prevented, could monopolize to herſelf almoſt the whole woollen trade of the world; and thus, having no rivals, could ſell at what price ſhe pleaſed, and in a ſhort time acquire the moſt incredible degree of wealth by the moſt advantageous balance of trade. This doctrine, like moſt other doctrines which are confidently aſſerted by any conſiderable number of people, was, and ſtill continues to be, moſt implicitly believed by a much greater number; by almoſt all thoſe who are either unacquainted with the woollen trade, or who have not made particular enquiries. It is, however, ſo perfectly falſe, that Engliſh wool is in any reſpect neceſſary for the making of fine cloth, that it is altogether unfit for it. Fine cloth is made altogether of Spaniſh wool. Engliſh wool cannot be even ſo mixed with Spaniſh wool as to enter into the compoſition without ſpoiling and degrading, in ſome degree, the fabric of the cloth.

It has been ſhown in the foregoing part of this work, that the effect of theſe regulations has been to depreſs the price of Engliſh wool, not only below what it naturally would be in the preſent times, but very much below what it actually was in the time of Edward III. The price of Scots wool, when in conſequence of the union it became ſubject to the ſame regulations, is ſaid to have fallen about one half. It is obſerved by the very accurate and intelligent author of the Memoirs of Wool, the Reverend Mr. John Smith, that the price of the beſt Engliſh wool in England

England is generally below what wool of a very inferior quality commonly sells for in the market of Amsterdam. To depress the price of this commodity below what may be called its natural and proper price, was the avowed purpose of those regulations; and there seems to be no doubt of their having produced the effect that was expected from them.

This reduction of price, it may perhaps be thought, by discouraging the growing of wool, must have reduced very much the annual produce of that commodity, though not below what it formerly was, yet below what, in the present state of things, it probably would have been, had it, in consequence of an open and free market, been allowed to rise to the natural and proper price. I am, however, disposed to believe, that the quantity of the annual produce cannot have been much, though it may perhaps have been a little, affected by these regulations. The growing of wool is not the chief purpose for which the sheep farmer employs his industry and stock. He expects his profit, not so much from the price of the fleece, as from that of the carcase; and the average or ordinary price of the latter, must even, in many cases, make up to him whatever deficiency there may be in the average or ordinary price of the former. It has been observed in the foregoing part of this work, that "Whatever regulations tend to sink the "price, either of wool or of raw hides, below "what it naturally would be, must, in an im-"proved and cultivated country, have some

"tendency to raiſe the price of butchers' meat. "The price both of the great and ſmall cattle "which are fed on improved and cultivated "land, muſt be ſufficient to pay the rent which "the landlord, and the profit which the farmer "has reaſon to expect from improved and cul- "tivated land. If it is not, they will ſoon ceaſe "to feed them. Whatever part of this price, "therefore, is not paid by the wool and the "hide, muſt be paid by the carcaſe. The leſs "there is paid for the one, the more muſt be "paid for the other. In what manner this "price is to be divided upon the different parts "of the beaſt, is indifferent to the landlords and "farmers, provided it is all paid to them. In "an improved and cultivated country, there- "fore, their intereſt as landlords and farmers "cannot be much affected by ſuch regulations, "though their intereſt as conſumers may, by "the riſe in the price of proviſions." According to this reaſoning, therefore, this degradation in the price of wool is not likely, in an improved and cultivated country, to occaſion any diminution in the annual produce of that commodity; except ſo far as, by raiſing the price of mutton, it may ſomewhat diminiſh the demand for, and conſequently the production of, that particular ſpecies of butchers' meat. Its effect, however, even in this way, it is probable, is not very conſiderable.

But though its effect upon the quantity of the annual produce may not have been very conſiderable, its effect upon the quality, it may perhaps

perhaps be thought, muſt neceſſarily have been very great. The degradation in the quality of Engliſh wool, if not below what it was in former times, yet below what it naturally would have been in the preſent ſtate of improvement and cultivation, muſt have been, it may perhaps be ſuppoſed, very nearly in proportion to the degradation of price. As the quality depends upon the breed, upon the paſture, and upon the management and cleanlineſs of the ſheep, during the whole progreſs of the growth of the fleece, the attention to theſe circumſtances, it may naturally enough be imagined, can never be greater than in proportion to the recompence which the price of the fleece is likely to make for the labour and expence which that attention requires. It happens, however, that the goodneſs of the fleece depends, in a great meaſure, upon the health, growth, and bulk of the animal; the ſame attention which is neceſſary for the improvement of the carcaſe, is, in ſome reſpects, ſufficient for that of the fleece. Notwithſtanding the degradation of price, Engliſh wool is ſaid to have been improved conſiderably during the courſe even of the preſent century. The improvement might perhaps have been greater if the price had been better; but the lowneſs of price, though it may have obſtructed, yet certainly it has not altogether prevented that improvement.

The violence of theſe regulations, therefore, ſeems to have affected neither the quantity nor the quality of the annual produce of wool ſo

much as it might have been expected to do (though I think it probable that it may have affected the latter a good deal more than the former); and the intereſt of the growers of wool, though it muſt have been hurt in ſome degree, ſeems, upon the whole, to have been much leſs hurt than could well have been imagined.

Theſe conſiderations, however, will not juſtify the abſolute prohibition of the exportation of wool. But they will fully juſtify the impoſition of a conſiderable tax upon that exportation.

To hurt in any degree the intereſt of any one order of citizens, for no other purpoſe but to promote that of ſome other, is evidently contrary to that juſtice and equality of treatment which the Sovereign owes to all the different orders of his ſubjects. But the prohibition certainly hurts, in ſome degree, the intereſt of the growers of wool, for no other purpoſe but to promote that of the manufacturers.

Every different order of citizens is bound to contribute to the ſupport of the ſovereign or commonwealth. A tax of five, or even of ten ſhillings upon the exportation of every ton of wool, would produce a very conſiderable revenue to the ſovereign. It would hurt the intereſt of the growers ſomewhat leſs than the prohibition, becauſe it would not probably lower the price of wool quite ſo much. It would afford a ſufficient advantage to the manufacturer, becauſe, though he might not buy his wool altogether ſo cheap as under the prohibition, he would ſtill buy it, at leaſt, five or ten ſhillings cheaper than

any

any foreign manufacturer could buy it, besides saving the freight and insurance, which the other would be obliged to pay. It is scarce possible to devise a tax which could produce any considerable revenue to the Sovereign, and at the same time occasion so little inconveniency to any body.

The prohibition, notwithstanding all the penalties which guard it, does not prevent the exportation of wool. It is exported, it is well known, in great quantities. The great difference between the price in the home and that in the foreign market, presents such a temptation to smuggling, that all the rigour of the law cannot prevent it. This illegal exportation is advantageous to nobody but the smuggler. A legal exportation subject to a tax, by affording a revenue to the Sovereign, and thereby saving the imposition of some other, perhaps, more burdensome and inconvenient taxes, might prove advantageous to all the different subjects of the state.

The exportation of fuller's earth, or fuller's clay, supposed to be necessary for preparing and cleansing the woollen manufactures, has been subjected to nearly the same penalties as the exportation of wool. Even tobacco-pipe clay, though acknowledged to be different from fuller's clay, yet, on account of their resemblance, and because fuller's clay might sometimes be exported as tobacco-pipe clay, has been laid under the same prohibitions and penalties.

By

By the 13th and 14th of Charles II. chap. 7. the exportation, not only of raw hides, but of tanned leather, except in the ſhape of boots, ſhoes, or ſlippers, was prohibited; and the law gave a monopoly to our boot-makers and ſhoemakers, not only againſt our graziers, but againſt our tanners. By ſubſequent ſtatutes, our tanners have got themſelves exempted from this monopoly, upon paying a ſmall tax of only one ſhilling on the hundred weight of tanned leather, weighing one hundred and twelve pounds. They have obtained likewiſe the drawback of two-thirds of the exciſe duties impoſed upon their commodity, even when exported without further manufacture. All manufactures of leather may be exported duty free; and the exporter is beſides entitled to the drawback of the whole duties of exciſe. Our graziers ſtill continue ſubject to the old monopoly. Graziers ſeparated from one another, and diſperſed through all the different corners of the country, cannot, without great difficulty, combine together for the purpoſe either of impoſing monopolies upon their fellow-citizens, or of exempting themſelves from ſuch as may have been impoſed upon them by other people. Manufacturers of all kinds, collected together in numerous bodies in all great cities, eaſily can. Even the horns of cattle are prohibited to be exported; and the two inſignificant trades of the horner and comb-maker enjoy, in this reſpect, a monopoly againſt the graziers.

Reſtraints,

Restraints, either by prohibitions or by taxes, upon the exportation of goods which are partially, but not completely manufactured, are not peculiar to the manufacture of leather. As long as any thing remains to be done, in order to fit any commodity for immediate use and consumption, our manufacturers think that they themselves ought to have the doing of it. Woollen yarn and worsted are prohibited to be exported under the same penalties as wool. Even white cloths are subject to a duty upon exportation, and our dyers have so far obtained a monopoly against our clothiers. Our clothiers would probably have been able to defend themselves against it, but it happens that the greater part of our principal clothiers are themselves likewise dyers. Watch-cases, clock-cases, and dial-plates for clocks and watches, have been prohibited to be exported. Our clock-makers and watch-makers are, it seems, unwilling that the price of this sort of workmanship should be raised upon them by the competition of foreigners.

By some old statutes of Edward III., Henry VIII., and Edward VI., the exportation of all metals was prohibited. Lead and tin were alone excepted; probably on account of the great abundance of those metals; in the exportation of which, a considerable part of the trade of the kingdom in those days consisted. For the encouragement of the mining trade, the 5th of William and Mary, chap. 17. exempted from this prohibition, iron, copper, and mundic metal made from British ore. The exportation of all

sorts

forts of copper bars, foreign as well as British, was afterwards permitted by the 9th and 10th of William III. chap. 26. The exportation of unmanufactured brass, of what is called gun-metal, bell-metal, and shroff-metal, still continues to be prohibited. Brass manufactures of all sorts may be exported duty free.

The exportation of the materials of manufacture, where it is not altogether prohibited, is in many cases subjected to considerable duties.

By the 8th George I. chap. 15., the exportation of all goods, the produce or manufacture of Great Britain, upon which any duties had been imposed by former statutes, was rendered duty free. The following goods, however, were excepted: Allum, lead, lead ore, tin, tanned leather, copperas, coals, wool cards, white woollen cloths, lapis calaminaris, skins of all sorts, glue, coney hair or wool, hares wool, hair of all sorts, horses, and litharge of lead. If you except horses, all these are either materials of manufacture, or incomplete manufactures (which may be considered as materials for still further manufacture), or instruments of trade. This statute leaves them subject to all the old duties which had ever been imposed upon them, the old subsidy and one per cent. outwards.

By the same statute a great number of foreign drugs for dyers use, are exempted from all duties upon importation. Each of them, however, is afterwards subjected to a certain duty, not indeed a very heavy one, upon exportation. Our dyers, it seems, while they thought it for their

their interest to encourage the importation of those drugs, by an exemption from all duties, thought it likewise for their interest to throw some small discouragement upon their exportation. The avidity, however, which suggested this notable piece of mercantile ingenuity, most probably disappointed itself of its object. It necessarily taught the importers to be more careful than they might otherwise have been, that their importation should not exceed what was necessary for the supply of the home market. The home market was at all times likely to be more scantily supplied; the commodities were at all times likely to be somewhat dearer there than they would have been, had the exportation been rendered as free as the importation.

By the above-mentioned statute, gum, senega, or gum arabic, being among the enumerated dying drugs, might be imported duty free. They were subjected, indeed, to a small poundage duty, amounting only to three pence in the hundred weight upon their re-exportation. France enjoyed, at that time, an exclusive trade to the country most productive of those drugs, that which lies in the neighbourhood of the Senegal; and the British market could not be easily supplied by the immediate importation of them from the place of growth. By the 25th Geo. II. therefore, gum senega was allowed to be imported (contrary to the general dispositions of the act of navigation), from any part of Europe. As the law, however, did not mean to encourage this

this ſpecies of trade, ſo contrary to the general principles of the mercantile policy of England, it impoſed a duty of ten ſhillings the hundred weight upon ſuch importation, and no part of this duty was to be afterwards drawn back upon its exportation. The ſucceſsful war which began in 1755 gave Great Britain the ſame excluſive trade to thoſe countries which France had enjoyed before. Our manufacturers, as ſoon as the peace was made, endeavoured to avail themſelves of this advantage, and to eſtabliſh a monopoly in their own favour, both againſt the growers, and againſt the importers of this commodity. By the 5th Geo. III. therefore, chap. 37. the exportation of gum ſenega from His Majeſty's dominions in Africa was confined to Great Britain, and was ſubjected to all the ſame reſtrictions, regulations, forfeitures and penalties, as that of the enumerated commodities of the Britiſh colonies in America and the Weſt Indies. Its importation, indeed, was ſubjected to a ſmall duty of ſix-pence the hundred weight, but its reexportation was ſubjected to the enormous duty of one pound ten ſhillings the hundred weight. It was the intention of our manufacturers that the whole produce of thoſe countries ſhould be imported into Great Britain, and in order that they themſelves might be enabled to buy it at their own price, that no part of it ſhould be exported again, but at ſuch an expence as would ſufficiently diſcourage that exportation. Their avidity, however, upon this, as well as upon many other occaſions, diſappointed itſelf of its

object.

object. This enormous duty presented such a temptation to smuggling, that great quantities of this commodity were clandestinely exported, probably to all the manufacturing countries of Europe, but particularly to Holland, not only from Great Britain but from Africa. Upon this account, by the 14 Geo. III. chap. 10. this duty upon exportation was reduced to five shillings the hundred weight.

In the book of rates, according to which the old subsidy was levied, beaver skins were estimated at six shillings and eight-pence a-piece, and the different subsidies and imposts, which before the year 1722 had been laid upon their importation, amounted to one-fifth part of the rate, or to sixteen-pence upon each skin; all of which, except half the old subsidy, amounting only to two-pence, was drawn back upon exportation. This duty upon the importation of so important a material of manufacture had been thought too high, and, in the year 1722, the rate was reduced to two shillings and six-pence, which reduced the duty upon importation to six-pence, and of this only one half was to be drawn back upon exportation. The same successful war put the country most productive of beaver under the dominion of Great Britain, and beaver skins being among the enumerated commodities, their exportation from America was consequently confined to the market of Great Britain. Our manufacturers soon bethought themselves of the advantage which they might make of this circumstance, and in the year 1764, the duty upon the importa-

tion of beaver-ſkin was reduced to one penny, but the duty upon exportation was raiſed to ſeven-pence each ſkin, without any drawback of the duty upon importation. By the ſame law, a duty of eighteen-pence the pound was impoſed upon the exportation of beaver-wool or wombs, without making any alteration in the duty upon the importation of that commodity, which, when imported by Britiſh and in Britiſh ſhipping, amounted at that time to between four-pence and five-pence the piece.

Coals may be conſidered both as a material of manufacture and as an inſtrument of trade. Heavy duties, accordingly, have been impoſed upon their exportation, amounting at preſent (1783) to more than five ſhillings the ton, or to more than fifteen ſhillings the chaldron, Newcaſtle meaſure; which is in moſt caſes more than the original value of the commodity at the coal pit, or even at the ſhipping port for exportation.

The exportation, however, of the inſtruments of trade, properly ſo called, is commonly reſtrained, not by high duties, but by abſolute prohibitions. Thus by the 7th and 8th of William III. chap. 20. ſect. 8. the exportation of frames or engines for knitting gloves or ſtockings is prohibited under the penalty, not only of the forfeiture of ſuch frames or engines, ſo exported, or attempted to be exported, but of forty pounds, one half to the King, the other to the perſon who ſhall inform or ſue for the ſame. In the ſame manner by the 14th Geo. III. chap. 71. the exportation to foreign

parts, of any utenſils made uſe of in the cotton, linen, woollen and ſilk manufactures, is prohibited under the penalty, not only of the forfeiture of ſuch utenſils, but of two hundred pounds, to be paid by the perſon who ſhall offend in this manner, and likewiſe of two hundred pounds to be paid by the maſter of the ſhip who ſhall knowingly ſuffer ſuch utenſils to be loaded on board his ſhip.

When ſuch heavy penalties were impoſed upon the exportation of the dead inſtruments of trade, it could not well be expected that the living inſtrument, the artificer, ſhould be allowed to go free. Accordingly, by the 5 Geo. I. chap. 27. the perſon who ſhall be convicted of enticing any artificer of, or in any of the manufactures of Great Britain, to go into any foreign parts, in order to practiſe or teach his trade, is liable for the firſt offence to be fined in any ſum not exceeding one hundred pounds, and to three months impriſonment, and until the fine ſhall be paid; and for the ſecond offence, to be fined in any ſum at the diſcretion of the court, and to impriſonment for twelve months, and until the fine ſhall be paid. By the 23 Geo. II. chap. 13. this penalty is increaſed for the firſt offence to five hundred pounds for every artificer ſo enticed, and to twelve months impriſonment, and until the fine ſhall be paid; and for the ſecond offence, to one thouſand pounds, and to two years impriſonment, and until the fine ſhall be paid.

By the former of those two statutes, upon proof that any person has been enticing any artificer, or that any artificer has promised or contracted to go into foreign parts for the purposes aforesaid, such artificer may be obliged to give security at the discretion of the court, that he shall not go beyond the seas, and may be committed to prison until he give such security.

If any artificer has gone beyond the seas, and is exercising or teaching his trade in any foreign country, upon warning being given to him by any of His Majesty's Ministers or Consuls abroad, or by one of His Majesty's Secretaries of State for the time being, if he does not, within six months after such warning, return into this realm, and from thenceforth abide and inhabit continually within the same, he is from thenceforth declared incapable of taking any legacy devised to him within this kingdom, or of being executor or administrator to any person, or of taking any lands within this kingdom by descent, devise, or purchase. He likewise forfeits to the King all his lands, goods and chattels, is declared an alien in every respect, and is put out of the King's protection.

It is unnecessary, I imagine, to observe, how contrary such regulations are to the boasted liberty of the subject, of which we affect to be so very jealous; but which, in this case, is so plainly sacrificed to the futile interests of our merchants and manufacturers.

The laudable motive of all these regulations, is to extend our own manufactures, not by their own improvement, but by the depression of those of all our neighbours, and by putting an end, as much as possible, to the troublesome competition of such odious and disagreeable rivals. Our master manufacturers think it reasonable, that they themselves should have the monopoly of the ingenuity of all their countrymen. Though by restraining, in some trades, the number of apprentices which can be employed at one time, and by imposing the necessity of a long apprenticeship in all trades, they endeavour, all of them, to confine the knowledge of their respective employments to as small a number as possible: they are unwilling, however, that any part of this small number should go abroad to instruct foreigners.

Consumption is the sole end and purpose of all production; and the interest of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer. The maxim is so perfectly self-evident, that it would be absurd to attempt to prove it. But in the mercantile system, the interest of the consumer is almost constantly sacrificed to that of the producer; and it seems to consider production, and not consumption, as the ultimate end and object of all industry and commerce.

In the restraints upon the importation of all foreign commodities which can come into competition with those of our own growth, or manufacture, the interest of the home-consumer is

evidently ſacrificed to that of the producer. It is altogether for the benefit of the latter, that the former is obliged to pay that enhancement of price which this monopoly almoſt always occaſions.

It is altogether for the benefitof the producer that bounties are granted upon the exportation of ſome of his productions. The home-conſumer is obliged to pay, firſt, the tax which is neceſſary for paying the bounty, and ſecondly, the ſtill greater tax which neceſſarily ariſes from the enhancement of the price of the commodity in the home market.

By the famous treaty of commerce with Portugal, the conſumer is prevented by high duties from purchaſing of a neighbouring country, a commodity which our own climate does not produce, but is obliged to purchaſe it of a diſtant country, though it is acknowledged, that the commodity of the diſtant country is of a worſe quality than that of the near one. The home-conſumer is obliged to ſubmit to this inconveniency, in order that the producer may import into the diſtant country ſome of his productions upon more advantageous terms than he would otherwiſe have been allowed to do. The conſumer, too, is obliged to pay whatever enhancement in the price of thoſe very productions, this forced exportation may occaſion in the home market.

But in the ſyſtem of laws which has been eſtabliſhed for the management of our American and Weſt Indian colonies, the intereſt of the

home-consumer has been sacrificed to that of the producer with a more extravagant profusion than in all our other commercial regulations. A great empire has been established for the sole purpose of raising up a nation of customers who should be obliged to buy from the shops of our different producers, all the goods with which these could supply them. For the sake of that little enhancement of price which this monopoly might afford our producers, the home-consumers have been burdened with the whole expence of maintaining and defending that empire. For this purpose, and for this purpose only, in the two last wars, more than two hundred millions have been spent, and a new debt of more than a hundred and seventy millions has been contracted over and above all that had been expended for the same purpose in former wars. The interest of this debt alone is not only greater than the whole extraordinary profit, which, it ever could be pretended, was made by the monopoly of the colony trade, but than the whole value of that trade, or than the whole value of the goods, which at an average have been annually exported to the colonies.

It cannot be very difficult to determine who have been the contrivers of this whole mercantile system; not the consumers, we may believe, whose interest has been entirely neglected; but the producers, whose interest has been so carefully attended to; and among this latter class our merchants and manufacturers have been by

far the principal architects. In the mercantile regulations, which have been taken notice of in this chapter, the intereſt of our manufacturers has been moſt peculiarly attended to; and the intereſt, not ſo much of the conſumers as that of ſome other ſets of producers, has been ſacrificed to it.

APPENDIX.

THE two following Accounts are ſubjoined in order to illuſtrate and confirm what is ſaid in the Fifth Chapter of the Fourth Book, concerning the Tonnage bounty to the White Herring Fiſhery. The Reader, I believe, may depend upon the accuracy of both Accounts.

An Account of Buſſes fitted out in Scotland for Eleven Years, with the Number of Empty Barrels carried out, and the Number of Barrels of Herrings caught; alſo the Bounty at a Medium on each Barrel of Seaſteeks, and on each Barrel when fully packed.

Years.	Number of Buſſes	Empty Barrels carried out.	Barrels of Herrings caught.	Bounty paid on the Buſſes.		
				£	s.	d.
1771	29	5948	2832	2085	0	0
1772	168	41316	22237	11055	7	6
1773	190	42333	42055	12510	8	6
1774	248	59303	56365	16952	2	6
1775	275	69144	52879	19315	15	0
1776	294	76329	51863	21290	7	6
1777	240	62679	43313	17592	2	6
1778	220	56390	40958	16316	2	6
1779	206	55194	29367	15287	0	0
1780	181	48315	19885	13445	12	6
1781	135	33992	16593	9613	12	6
Total,	2186	550943	378347	155463	11	0

Seaſteeks

Seafteeks	378347	Bounty at a medium for each barrel of feafteeks, £ 0 8 2¼
		But a barrel of feafteeks being only reckoned two-thirds of a barrel fully packed, one-third is deducted, which brings the bounty to £ 0 12 3¼
⅓ deducted	126115⅔	
Barrels full packed,	252231⅓	

And if the herrings are exported, there is befides a premium of - 0 2 8

So that the bounty paid by Government in money for each barrel, is - - - £ 0 14 11¼

But if to this, the duty of the falt ufually taken credit for as expended in curing each barrel, which at a medium is of foreign, one bufhel and one-fourth of a bufhel at 10*s.* a bufhel, be added, viz. 0 12 6

The bounty on each barrel would amount to - - - - £ 1 7 5¼

If

If the herrings are cured with British salt, it will stand thus, viz.

Bounty as before - -	£0	14	11¾
—but if to this bounty the duty on two bushels of Scots salt at 1*s.* 6*d.* per bushel, supposed to be the quantity at a medium used in curing each barrel is added, to wit,	0	3	0
The bounty on each barrel will amount to - - -	£0	17	11¾

And,

When buss herrings are entered for home consumption in Scotland, and pay the shilling a barrel of duty, the bounty stands thus, to wit as before - - - - £0 12 3¾

From which the 1*s.* a barrel is to be deducted - -	0	1	0
	0	11	3¾
But to that there is to be added again, the duty of the foreign salt used in curing a barrel of herrings, viz. - - - -	0	12	6
So that the premium allowed for each barrel of herrings entered for home consumption is - -	£1	3	9¾

If

If the herrings are cured with British ſalt, it will ſtand as follows, viz.

Bounty on each barrel brought in by the buſſes as above - -	£ 0	12	3¼
From which deduct the 1*s.* a barrel paid at the time they are entered for home conſumption -	0	1	0
	£ 0	11	3¼
But if to the bounty the duty on two buſhels of Scots ſalt, at 1*s.* 6*d.* per buſhel, ſuppoſed to be the quantity at a medium uſed in curing each barrel, is added, to wit, -	0	3	0
The premium for each barrel entered for home conſumption will be	£ 0	14	3¼

Though the loſs of duties upon herrings exported cannot, perhaps, properly be conſidered as bounty; that upon herrings entered for home conſumption certainly may.

An

An Account of the Quantity of Foreign Salt imported into Scotland, and of Scots Salt delivered Duty free from the Works there for the Fishery, from the 5th of April 1771 to the 5th of April 1782, with a Medium of both for one Year.

PERIOD.	Foreign Salt imported.	Scots Salt delivered from the Works.
	Bushels.	Bushels.
From the 5th of April 1771, to the 5th of April 1782.	936974	168226
Medium for one Year	$85179\frac{5}{11}$	$15293\frac{3}{11}$

It is to be observed that the Bushel of Foreign Salt weighs 84lb. that of British Salt 56lb. only.

END OF THE THIRD VOLUME.

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